

# Herald Tribune

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## U.S. Affirms Role Of Marine Force In Quest for Peace

**WASHINGTON** — The risks faced by U.S. troops in Beirut "are far outweighed by our efforts to restore peace in the Middle East," a White House spokesman said Friday following the death of a marine and the wounding of three others Thursday in a bomb blast.

Larry M. Speakes, a deputy press secretary, also said that the military command in Beirut had confirmed the fatal explosion was from a "cluster-type munition."

Speakes said Beirut had said the place of explosion that exploded was a 155mm artillery shell. In July, after reports that Israel had apparently violated agreements on the use of U.S.-made cluster-type munitions during its invasion of Lebanon, President Ronald Reagan suspended the shipment of 4,000 155mm cluster-bomb shells to Israel pending an investigation.

While Mr. Reagan expressed sorrow at the first casualties to be suffered by a force of U.S., French and Italian troops during two tours of peacekeeping duty in Lebanon's capital, the White House said several powerful members of Congress reaffirmed the importance of the American contribution.

"It's a great tragedy," Mr. Reagan said as he appeared outside the White House with President Ricardo de la Espriella of Panama, who is visiting. "We're terribly sorry about it."

When asked if the death would affect his commitment to keep the marines in Lebanon until the Lebanese government believes it controls the situation, Mr. Reagan replied: "They'll stay."

**Congressional Criticism**

But some congressmen said Mr. Reagan should not have sent the 1,200 marines into West Beirut without invoking the War Powers Act, which requires a president to recall troops within 60 days of sending them overseas unless Congress approves an extension of their stay.

A letter which the president sent to Congress this week as the formal notification of the marines' assignment to Lebanon stated that "there is no intention of expectation that U.S. Armed Forces will become involved in hostilities." By not invoking the act, Mr. Reagan avoided limiting the amount of time the force could be kept in Lebanon without congressional approval.

Senator Alan Cranston of California, the assistant Democratic leader, said Friday, "American forces have been introduced into a very dangerous place where there are very hostile forces facing each other, some of them hostile to the United States."

"The president should not be free to send American forces here, there and everywhere without Congress having a say-so in those actions," Senator Cranston said in a statement.

Senator Charles H. Percy, an Illinois Republican who is chairman of the Foreign Relations Committee, and other congressmen said the incident did not alter their support for Mr. Reagan's decision to provide Americans for the three-nation force.

But they agreed with Mr. Cranston's position that the president should have invoked the War Powers Act because the marines were being sent into a hostile environment and Congress should have some control over their presence there.

**Habib Meets With Gensayel**

Philip C. Habib, a special U.S. envoy, met with President Amin Gensayel of Lebanon on Friday, the Associated Press reported from Beirut. The state radio reported the meeting, but said Mr. Habib had no comment when he emerged from the 90-minute session at the presidential palace in Baabda, a Beirut suburb.

The special envoy then met with Prime Minister Shafiq al-Wazzan, the radio said.

Mr. Habib had just returned to Beirut from meetings with leaders in Israel, Jordan, Saudi Arabia and Egypt. A Foreign Ministry spokesman in Cairo was quoted as saying Mr. Habib expected agreement on the withdrawal of the Israeli, Syrian and Palestinian troops still deployed throughout Lebanon in "a matter of weeks."

Also Friday, a Beirut news agency which is known to have contacts with the Christian Phalange Party of President Gensayel reported that the party had arrested the man who detonated the bomb that killed President-elect Bashir Gemayel, the new president's brother.

The report by the Central News Agency said the man, who was not identified, used a sophisticated Japanese-made detonator to set off a 35-kilogram (75-pound) charge of dynamite that was planted at a Phalange Party headquarters on Sept. 12.

headed by another judge, will gradually be assembled to examine documents and arrange for witnesses to testify in closed hearings.

The commission, originally opposed by Mr. Begin, was decided upon by the cabinet Tuesday after intense political pressure from inside and outside the government.

Paradoxically, it seems to have given Mr. Sharon a confident demeanor, for he has now lost his hunted look as he smilingly fends off questions about what he knew and when he knew it, why he sent the Christians into the refugee camps in the first place and other crucial matters, saying that he cannot interfere with the investigation by answering.

In addition, a backlash has developed in favor of Mr. Begin and Mr. Sharon among the masses of their lower-class supporters, many of whom are angry at the outside world's tendency to blame Israel for the killings.

Last Sunday, a few toughs in a Jerusalem marketplace attacked a mobile Radio Israel van and its crew, shouting that the station had smeared the name of Israel.

Wednesday evening in Kiryat Malachi, a development town with a heavy population of Jews from Middle Eastern and north African countries, Mr. Sharon was greeted by a foot-stomping, cheering crowd chanting his nickname, Arik, in a cadence of "Arik, Melech Israel! Arik, King of Israel!"

The first public opinion polls since the massacre have shown an erosion in support for Mr. Begin's government, but not to a politically fatal extent.

A survey done by the Mod'in Ezrahi research institute just before and just after the massacre found that according to those questioned Mr. Begin's Likud bloc would receive 60 seats, exactly half those in the Knesset, or parliament, if elections were held now, as opposed to 64 seats just before the massacre. It won 48 seats in the 1981 elections and governs with four other parties in a coalition that commands 62 seats.

To maintain popular support, Mr. Begin and Mr. Sharon have relied heavily on Israel's fierce xenophobia, whipping up a furor over what they have called attempts by the U.S. government to replace their government with a coalition led by the Labor Party.

These arguments, begun after President Ronald Reagan put forth a peace plan similar to the



Helmut Kohl, center, is cheered by Christian Democratic deputies after his election as chancellor.



Helmut Schmidt, the former chancellor, and members of his Social Democratic cabinet holding their dismissal documents at a reception given by President Karl Carstens in Bonn on Friday.

## Bundestag Chooses Kohl as Chancellor, Replacing Schmidt

By James Markham

New York Times Service

**BONN** — Helmut Kohl, leader of the conservative Christian Democratic party, was elected the sixth chancellor of West Germany on Friday, displacing Helmut Schmidt on a no-confidence vote in the Bundestag.

After a debate that took an unexpectedly passionate turn, Mr. Kohl was chosen chancellor with a seven-vote margin on a procedure known as a "constructive no-confidence motion," which simultaneously toppled Mr. Schmidt and designated his successor.

It was the first time in the 33-year history of the Federal Republic of Germany that a chancellor has been removed by parliament.

On a secret ballot, Mr. Kohl gathered 256 votes from his Christian Democratic party and its new allies, the Free Democrats, who abandoned the Schmidt cabinet on Sept. 17. A total of 235 Bundestag deputies cast ballots against Mr. Kohl and for Mr. Schmidt. Four abstained, and two were absent.

From the distribution of the ballot, it appeared that, as expected, the 53-member Free Democrat bloc had split, with about 30 deputies voting for the new chancellor.

Mr. Kohl, 52, who for more than a decade has striven to become West Germany's chancellor, was immediately appointed by President Karl Carstens and then took his oath before the Bundestag, officially ending Mr. Schmidt's eight years and four months at the helm of government.

"I will pursue a government, a politics, of the middle," the beaming Mr. Kohl told a crowd of journalists accompanied by his wife and two sons. "I believe that the future of the Federal Republic is not to be found in the extremes, neither of the right or the left."

The secret ballot and the "constructive no-confidence" procedure invested Friday's proceedings with considerable drama.

With a sense of historical settling of accounts, the Christian Democrats picked the veteran politician Rainer Barzel to defend the motion. On April 27, 1972 — in the first and until Friday only recourse to the no-confidence device — Mr. Barzel failed by two Bundestag votes to supplant Chancellor Willy Brandt.

**Tough Schmidt Speech**

At his own request, the 63-year-old Mr. Schmidt, looking drawn and weary, addressed the Bundestag and, in a fighting speech, reminded the Free Democrat deputies that they had been elected in 1980 in a campaign that heavily exploited his own popularity.

"Your conduct is legal, but it has no inner, no moral justification," intoned Mr. Schmidt, who has called for immediate elections rather than a midterm switch of alliances in Bonn. "This change of government affects the credibility of our democratic institutions."

The defeat came shortly after the House voted 346-77 against a substitute Democratic proposal offered by Representative Bill Alexander, Democrat of Arkansas, which would have required the president to submit a balanced budget but would not have bound Congress.

**No Services Interrupted**

Mr. O'Neill surprised Republicans by calling up the amendment ahead of a more important continuation resolution to keep funds flowing to the government.

The government ran out of the money on the first day of the 1983 fiscal year, but all government employees were told to report to work and no essential federal services were interrupted.

Workers were expected to be paid for the workday Friday, which many spent cleaning their desks and work areas in what was called "the shutdown mode."

Republicans blame Mr. O'Neill and other Democrats for making the balanced budget fight necessary by engaging in big spending for many years. But Democrats made it clear they considered the amendment an attack on the Constitution and political posturing by Mr. Reagan before the elections.

Before the vote, Mr. O'Neill told reporters that Mr. Reagan began telephoning Democrats early Friday, seeking support for the amendment. "There's no need to give him more time to use his guile and charm," Mr. O'Neill said.

**Bill Freed From Committee**

In a Capitol Hill appearance Thursday, Mr. Reagan praised the conservative coalition of congressmen who, in a unusual parliamentary move earlier this week, freed the amendment from the House Judiciary Committee where it had been bottled up for months.

Had Congress approved the amendment, 38 states would have had to vote their acceptance before it would become law.

The chairman of the House Judiciary Committee, Peter W. Rodino Jr., Democrat of New Jersey, an ardent opponent of the proposal, said: "The 18th Amendment did not stem the flow of whiskey. This amendment would not stem the flow of red ink."

The budget deficit for the new fiscal year is expected to exceed \$150 billion.

**House Votes Money Bill; U.S. Technically 'Broke'**

Compiled by Our Staff From Dispatches

**WASHINGTON** — With the U.S. government technically broke, the House of Representatives passed a bill Friday to a compromise stopgap spending bill.

By a 290-123 vote, the House approved the work of House and Senate negotiators and then began considering disagreements in the bills previously voted by the two chambers. Completion of that work would amount to final approval and would send the measure to the Senate.

The government coffers were technically empty after Congress passed a constitutional amendment requiring a balanced budget. The vote was 236-187 in favor of the amendment, 46 short of the two-thirds majority needed for adoption.

In other action Friday, the House overwhelmingly defeated a proposed constitutional amendment requiring a balanced budget.

Then he delivered an impassioned valedictory defense of his economic and foreign policies, drawing fervent applause from the benches of his Social Democratic Party when he called upon "the big powers" to pursue disarmament.

In his response, the white-haired Mr. Barzel criticized the Schmidt policy of closer ties to the Eastern Bloc. "Our place is not between East and West," said Mr. Barzel, who is expected to get the cabinet post that handles ties with East Germany. "If there must be a dialogue, we must extend our hand out of the West, but not the leg we stand on."

Helmut Kohl brings old-fashioned virtues to his new job, Page 2.

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## Gromyko Denounces Reagan Over Mideast

By John M. Goshko

Washington Post Service

**UNITED NATIONS, New York** — The Soviet foreign minister, Andrei A. Gromyko, Friday denounced President Ronald Reagan's Mideast peace initiative as a maneuver that "focuses everything on the security of Israel alone" and that reflects America's "arrogant and unjustified claims to a leading role in Middle East affairs."

Mr. Gromyko also told the General Assembly that Israel was responsible for the massacre of Palestinian civilians in Beirut and asked: "Could Israel commit aggression and perpetrate genocide against the Palestinians but for its so-called 'strategic consensus' with the United States?"

Then, charging that both the U.S.-sponsored Camp David peace process and Mr. Reagan's Sept. 1 initiative are attempts to divide the Arab world through "diktat and arbitrariness," he declared the Soviet Union's support for demands that Israel surrender all occupied Arab territory and agree to creation of an independent Palestinian state.

Mr. Gromyko's assault on U.S. Mideast policy was part of a barrage of criticism that he aimed at U.S. activities in almost every area of world affairs. His speech appeared to indicate that his meeting Tuesday with Secretary of State George P. Shultz and another session the two will have on Monday would have little effect on easing the tensions between the two superpowers.

On the central issue of nuclear arms control, Mr. Gromyko repeated President Leonid I. Brezhnev's proposal for a freeze on deployment of nuclear warheads, and he rejected anew Mr. Reagan's counterplan for specific reductions

in the nuclear arsenals of the two countries.

**Shultz Presses Israel**

Earlier, Bernard D. Nussiter of The New York Times led the following from the United Nations: "Mr. Shultz told the assembly Thursday that Israel must yield territory to gain peace in the Middle East and that Palestinians have an 'undeniable claim' to an identifiable place."

In contrast, Yitzhak Shamir, the foreign minister of Israel, ruled out any further "territorial amputations" and said that Palestinian refugees in search of homes and jobs should find them in other Arab lands.

It was Mr. Shultz's first appearance before the assembly and his address was praised by Arab delegates as "evenhanded," "encouraging" and "hopeful."

Mr. Shultz dwelt at some length on the Middle East. The heart of the U.S. approach, he said, lies in "the Camp David agreements, resting squarely on United Nations Security Council Resolution 242, with its formula of peace for territory."

**Deliberate Loophole**

The resolution, adopted after the 1967 war, calls on Israel to "withdraw from territories occupied in the recent conflict." The resolution does not insist on withdrawal from "all" or even "the" occupied lands, a deliberate loophole to allow Israel some border adjustments.

But in his address Mr. Shamir said that "pressing Israel for more territorial withdrawals will not bring peace."

The two ministers also differed sharply over the future of the Palestinian Arabs. Mr. Shultz said that the Palestinians "deserve a



Andrei A. Gromyko

place" and their "claim is undeniable." But he added that the "Palestinian people will be able to achieve their legitimate rights only in a context which gives to Israel what it so clearly has a right to demand — to exist and to exist in peace and security."

"There is no contradiction between permanent peace for Israel and the legitimate rights of the Palestinian people," the secretary said.

Mr. Shamir said that Israel was "not prepared to reopen the debate on issues such as the creation of a second Palestinian state."

Mr. Shamir barely touched on Israel's invasion of Lebanon except to assert that his country would face destruction if it obeyed UN commands to cease fire and withdraw.

In other areas, Mr. Shultz accused Russia of "brutalizing an entire population in Afghanistan." He contended that Soviet "surrogates intervene in many countries," a reference to the Cubans. And he deplored the absence of freedom in Poland.

## Iran Launches a New Offensive Against Iraq

Compiled by Our Staff From Dispatches

**LONDON** — The Iranian armed forces launched a new offensive in the Gulf war with Iraq on Friday, claiming to control a strategic Iraqi road 60 miles (96 kilometers) from Baghdad.

Iran claimed that the offensive was completely unsuccessful.

Reports from Tehran monitored here indicated that the Iranian forces were encountering stiff resistance and that fighting was continuing, Reuters reported.

Iran said Friday night that it had "crushed and defeated" the Iranian offensive. A military communiqué broadcast on Baghdad television said Iranian troops had been shattered in the battle, which earlier reports said was near the Iraqi town of Mandali, about 70 miles from the capital. It gave no figures for losses on either side.

The offensive struck shortly after midnight in the central sector of the front, the closest point between the Iranian border and the Iraqi capital, Western military analysts said, that they believed it cost 50,000 Iranian

troops were involved in the operation.

Later in the day, Iraq called for an urgent meeting of the UN Security Council to "discuss the grave consequences resulting from the Iranian aggression." The Associated Press reported.

The official Iraqi press agency said Foreign Minister Saadoun Hammadi held separate meetings with the ambassadors of the five permanent members of the Security Council, discussing with them the Iranian offensive and its "dangerous repercussions on the region and world peace."

Tehran radio reported, "With heavy blows on Iraqi forces and the recapture of strategic heights, all the obstacles on the way to Baghdad are now removed."

Despite signs that the Iranian objectives might be limited to the border area, an attack so close to Baghdad was bound to cause alarm in Iraq, diplomats in Beirut told Reuters.

The area between Mandali and Baghdad is flat agricultural land and would be easy ground for an

armored advance. A paved road leads straight from Mandali to Baqubah and there joins a highway to the capital.

The offensive came at the end of a week of celebrations in Iran marking the second anniversary of the war. It also coincided with the end of the three-day Muslim feast of the sacrifice.

Iraq invaded Iran on Sept. 22, 1980, but its forces were swept out of a large area of southern Iran in an enormous counteroffensive last spring. The Iranians have since mounted several unsuccessful drives against key targets in southern Iraq.

**Reparations Sought**

Iraq has repeatedly called for a cease-fire while Iran's revolutionary regime has said it will settle for nothing less than the overthrow of President Saddam Hussein and billions of dollars in war reparations.

The Iranian national press agency said the fighting centered on three heights inside Iraqi-occupied territory, six miles west of the Iranian border town of Sumar. The press agency said the heights were back in Iranian hands for the first time since they were captured by an Iraqi invasion force at the start of the war.

The Iranian agency said the heights dominated the Iraqi border town of Mandali. Tehran radio said Iranian forces also controlled a road running inside Iraqi territory from Mandali to the oil town of Naft Khaner.

The radio quoted military sources as saying Iranian forces had achieved 80 to 90 percent of their objectives and would proceed to liberate all the remaining Iranian territory in Iraqi hands. Iraq claimed several months ago to have withdrawn from all Iranian territory.

The advancing Iranian forces had to fight off seven Iraqi counterattacks in the first 12 hours of battle, the Iranian report said. It also quoted military sources as saying that fighting was continuing after Iranian forces recaptured 60 square miles (150 square kilometers) of Iranian territory.

The article asserted that U.S. military attaches gathered secret information about Israeli security matters and quoted from a classified cable from the embassy on Oct. 31, 1979, about the Israeli-made Merkava tank.

It accused the U.S. consul-general in Jerusalem, Brandon Grove, of being a CIA official and gave a sinister interpretation of his contacts with Arab mayors.

"The Americans did not explain what the car of Mr. Grove was doing next to the houses of extremist leaders in the territories several times a week," the magazine said.

The article quoted from a 1979 embassy cable analyzing the Begin government's political strength. The cable concluded: "There are three causes that could lead to the fall of the government: religion, the economy and foreign policy."

This sentence, "the magazine asserted, 'raises the idea that perhaps the United States is operating behind the scenes to bring the Israeli government to an end.'"

Such emotional appeals may have an impact. But the ultimate fate of the coalition is likely to rest on decisions by politicians, especially members of the National Religious Party, who have begun to express distress with Mr. Sharon and the government.

### INSIDE

■ There has been "substantial and serious" leakage of U.S. technology to the Soviet Union, a panel of experts has concluded. Page 2.

■ GTE agreed to buy the communications and satellite units of Southern Pacific for about \$750 million. Analysts said the move would help the company compete with AT&T. Page 11.

■ American military planning is hindered by the same mistake the Soviet Union is accused of — key jobs are too often filled by political appointees, according to a major new critique. Page 3.

■ The nuclear arms issue will be on the ballots for one American voter in four, in what will be the closest the United States has ever come to a national referendum. Page 3.

■ A special supplement on Italian fashion appears in this issue. Page 55.

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## U.S. Probes High Fees Firm Charging Egypt For Delivery of Arms

By Al Kamen  
and Scott Armstrong

WASHINGTON — The Justice Department is conducting a diplomatically sensitive investigation into the costs of transporting millions of dollars worth of military equipment sold to Egypt.

The investigation involves \$51 million in bills submitted to Egypt by the Egyptian-American Transport and Service Co., the company that holds the exclusive contract for arranging the shipment of Egyptian arms to Egypt.

EATSCO, which is based in Falls Church, Virginia, was founded in 1979 by Hussein K. Salem, who U.S. intelligence sources say is a former Egyptian military intelligence official, and Thomas S. Clines, a former CIA official, specifically for the purpose of handling these arms shipments to Egypt.

The contract was awarded by Egypt after negotiations handled by high-level Egyptian officials. It was reviewed and accepted by Pentagon officials.

Sources close to the investigation say that the \$51 million in bills EATSCO submitted to Egypt during the first two years of its contract appears to be unusually high for the roughly \$300 million worth of arms shipped during the time.

### \$47,000 a Tank

In one instance, for example, sources close to the investigation say EATSCO submitted a bill for shipping 16 tanks to Egypt at \$47,000 a tank. That amount is nearly four times the customary charge for what industry and government sources say would be a comparable shipment to the same area.

Prosecutors are sifting through EATSCO, Pentagon and Treasury Department records to determine whether the use of the middleman served to inflate the bills submitted by EATSCO to Egypt, and if so, who profited.

A source close to EATSCO said some of the money listed as owed to the middleman went instead to EATSCO. That source said Egyptian officials were aware of this and did not object to it, and that therefore EATSCO's procedures were proper.

Mr. Clines' lawyer said Mr. Wilson has never had any interest in EATSCO. Mr. Wilson's lawyer, John A. Keats, declined comment on the matter.

In addition to trying to trace the disposition of EATSCO's funds, investigators are looking into the circumstances under which the company received the contract.

Sources close to the investigation said there are no allegations of wrongdoing by Egyptian officials.

## Chancellor Kohl: A Man of Homely Virtues

By James M. Markham  
New York Times Service

BONN — Helmut Kohl's virtues are not the established virtues of Bonn, where journalists and diplomats give high marks to Helmut Schmidt's irony, worldliness and expertise.

The large, genial Mr. Kohl, who replaced Mr. Schmidt as chancellor Friday, embodies another, old-fashioned set of values, and for this he must put up with a condescending, though hardly hostile, press.

He is regularly described as honest, but uninspiring, reliable, but wanting in specialized knowledge, patient, but devoid of the boldness, imagination and killer instinct that seem to set off charismatic leaders.

Mr. Kohl, 52, is a undeniably decent man who has the basic curriculum vitae to be chancellor but who has never been expected to make it to the top job. Even now, having attained the post he has sought for years, Bonn holds its breath to see if Mr. Kohl will survive a parliamentary confidence vote Monday.

In Bonn it is sometimes forgotten that, running as the Christian Democrats' candidate against Chancellor Schmidt in 1976, Mr. Kohl gained the party's second-best score in the history of the West German republic, 48.6 percent of the vote.

### The 'Black Giant'

In that campaign, the towering "Black Giant," as Mr. Kohl was rather fondly dubbed, talked about restoring "cleanliness, order, dependability, savings and hard work" in public life. He spoke unabashedly of "the fatherland," and lustily led rallies in the singing of the national anthem.

However comical this pitch may have sounded in jaded Bonn, many Germans responded to it.

As the leader of a West Germany unsettled by rising unemployment and strains in its political party system, and facing important foreign policy choices, Mr. Kohl will have some handicaps.

He is a rambling parliamentary orator.



Helmut Kohl at the Bundestag Friday.

And world leaders, who will want to know Mr. Kohl and size him up, will face the problem that, unlike many Germans who were educated after World War II, he speaks no foreign languages.

These shortcomings, however, do not seem to trouble the Christian Democrats' longtime party chairman.

A politician who rose swiftly through the ranks of the Christian Democrat provincial power structure — at 29 he was elected to the legislature of his home state, Rhineland-Palatinate, and 10 years later he was its pre-

mier — Mr. Kohl has the solid underpinning of the party machine, though not all its virtues.

Mr. Kohl's biggest party headache today is the Christian Democrats' independent sister organization in Bavaria, the Christian Social Union, and its headstrong leader, Franz Josef Strauss, who has extracted a commitment for new elections on March 6 from the reluctant chancellor.

In 1980, Mr. Kohl was outmaneuvered by Mr. Strauss for the Christian Democrats' nomination to run against Chancellor Schmidt. Some see this episode as a sign that Mr. Kohl shuns confrontation; others disagree, saying he consciously surrendered the nomination, sensing that it was not his year to try again.

The son of a low-level customs official, Mr. Kohl was born in the Rhine city of Ludwigshafen on April 3, 1930. He was drafted and sent to basic training in Bavaria in the closing months of World War II, but never had to fight.

Mr. Kohl is a Catholic and his wife, Hannelore, is Protestant — not an unusual situation in postwar Germany. They have two sons, Peter and Walter. Mrs. Kohl, 49, is trained as a diplomatic interpreter in both English and French.

The amiable, unassuming Mr. Kohl made a strong impression on Mr. Kohl in his youth, coloring his later political thinking. "I have never forgotten, and it will always play a role in my policy," he said several years ago, "standing in the schoolyard and getting my lunch from the army mess. The generation that was standing in the schoolyard was the generation that is now increasingly occupying the seats of power in the government."

Today Mr. Kohl stands out as one of the more moderate politicians in his conservative party. Before President Ronald Reagan's visit to West Germany in June, Mr. Kohl organized pro-American rallies in Bonn and Munich to counter the impression that the two nations were drifting apart.

## U.S. Seeks Pipeline Data From 39 Companies

By Robert D. Hershey Jr.

New York Times Service

WASHINGTON — What appeared to be an escalation of its efforts to stall construction of the Soviet natural gas pipeline to Europe, the Reagan administration has written to 39 American companies to request detailed information about all exports of oil-field technology during the last seven years.

It has also asked the companies, one of which is Canadian, to disclose any plans they might have to supply equipment or technology specifically to be used in building the pipeline.

The 39 virtually identical letters from the Commerce Department, carrying a Sept. 27 date, indicated that the administration was taking great pains to uncover violations of its sanctions against the pipeline. The letters also request the names of any company in the world that has received U.S. oil-field technology since 1975.

The United States will impose sanctions against a West German company for shipping turbines to the Soviet Union to defiance of a ban on the transfer of U.S. technology for the Siberian pipeline, Commerce Secretary Malcolm W. Baldrige said in Washington on Thursday, United Press International reported.

The Commerce Department also reported that port officials in Bremen said U.S. sanctions cost a French-owned firm a \$3-million order, Page 11.

On Wednesday, House critics of the sanctions narrowly failed to pass a measure to lift them, a move that would have embarrassed President Ronald Reagan and perhaps weakened his hand in negotiating a possible alternative with European countries. There was no action by the Senate.

The administration has imposed sanctions denying U.S. petroleum equipment and technology to companies in France, Italy and Britain. In his letter to the 39 companies, Mr. Baldrige said he was "relying on this nation's business community" for assistance in uncovering sanctions violations.

The other request was for a "de-

scription of the products or technology which your company or any subsidiaries thereof have supplied or plan to supply for the purpose of construction of the Siberia-West European pipeline."

The department said dollar values could be aggregated and that all responses, which were sought by Oct. 30, would remain confidential.

Most of the companies have large commitments in the petroleum equipment business but some, such as the Transamerica Corp., are mainly engaged in other businesses such as finance.

Among the best-known companies are the Allis-Chalmers Corp., the Caterpillar Tractor Co., the General Electric Co., Honeywell Inc., the Ingersoll-Rand Co., the Rockwell International Corp., TRW Inc., the United Technologies Corp. and the Westinghouse Electric Corp.

Attempts to elicit responses from several companies failed either because they declined to comment or had not yet received the Commerce Department letter.

Compiled From Agency Dispatches

## WORLD BRIEFS

### Soviet Pilots Won't Aid Crash Probe

LUXEMBOURG — The two pilots of the Soviet jet airliner that crashed Wednesday in Luxembourg are being held in police custody because they have refused to cooperate with an inquiry into the accident, government officials said Friday.

The crash of the Aeroflot Ilyushin-62 at Fiedel Airport killed 6 of the 78 persons aboard. Belgian experts are investigating the crash, and a team of Soviet technicians are being allowed to participate as observers. Under Luxembourg law, the pilots are being held responsible for involuntary homicide, although this does not necessarily mean they will face criminal charges, legal sources said.

Diplomatic sources in Moscow said Cuba's ambassador to the Soviet Union had been on the flight. Airport officials said one other diplomat had been on the flight, but they were unable to give details.

### U.K. Sets Government Raise Ceiling

LONDON — Prime Minister Margaret Thatcher's government said Friday it is budgeting for an average 3.5-percent ceiling on raises for Britain's three million state employees in 1982-83.

The announcement touched off protests from the opposition Labor Party and trade union leaders. They denounced it as "unacceptable" and "unworkable." The ceiling was 6 percent in 1980-81 and 4 percent in 1981-82. The Labor Party leader, Michael Foot, said "it will lead to further riots and disasters." He accused Mrs. Thatcher of "seeking to pick a fight with the unions."

Announcing the new figure, the Treasury said: "This is not a pay cap but a guideline. Each government department has its own budget within which it must keep."

### Japanese Leader Ends Visit to China

BEIJING — Prime Minister Zenko Suzuki of Japan concluded a visit to China on Friday during which the two countries agreed to expand their economic cooperation although they apparently fell short of completely resolving their dispute over history.

The visit was almost canceled because of a dispute over new Japanese history textbooks that gloss over Japanese atrocities during the 1937-45 war with China. Mr. Suzuki assured China that Japan was willing to correct the errors, and he was told by Chinese leaders that they regard the dispute as basically resolved. But an editorial in the People's Daily said Wednesday that both sides should continue to guard against a revival of militarism in Japan, indicating that China was not yet ready to forget the issue.

The two sides exchanged notes on the latest loan from Tokyo to Beijing of \$250 million, and Mr. Suzuki pledged a further \$390-million investment in Chinese offshore oil exploration.

### New Effort Made on Shcharansky

JERUSALEM — Avital Shcharansky, the wife of the imprisoned Soviet dissident Anatoli Shcharansky, plans to go to Washington on Sunday to gather support for a renewed effort to gain her husband's release from the Soviet Union.

Mr. Shcharansky is serving a 13-year sentence for treason, and has recently begun a hunger strike that his wife fears may threaten his life. Dina Bellin, a friend of Mr. Shcharansky's who now lives in Israel, said that his mother told her by telephone Thursday that the prison authorities were preparing to force-feed him.

In a statement issued here, 30 former Jewish dissidents who spent time in Soviet prisons alleged that "the Soviet government wants to break his spirit and kill him." They said Mr. Shcharansky had begun his hunger strike to protest the repeated confiscation of letters and the barring of visits by family.

### Anti-Marcos Protest Held in Manila

MANILA — In the largest Filipino anti-government protest in a year, about 5,000 people demonstrated Friday against President Ferdinand E. Marcos's visit to the United States and burned effigies of Mr. Marcos and President Ronald Reagan.

The demonstration was peaceful and no arrests were reported. The demonstrators — students, workers, slum dwellers and members of the clergy — unfurled banners reading "Dismantle U.S.-Marcos Dictatorship" and "Expose U.S.-Marcos Talks As An Act of National Betrayal." Mr. Marcos returned to Manila Thursday after a visit to the United States.

The protesters listened to speeches by union leaders, church workers, students and members of the opposition. Among those speaking was Cipriano Malonzo, acting chairman of the May 1 Movement, a 500,000-member labor organization that was recently the target of a sweeping government crackdown on suspected subversives.

Compiled From Agency Dispatches

## Panel in Poland Backs New Trade Union Law

The Associated Press

WARSAW — A committee of the Polish Sejm has approved the draft of a new labor law, setting the stage for debate later this month that could lead to the dissolution of Solidarity, the suspended independent trade union.

Although the official PAP news agency gave no details of the draft law in its report Friday, speculation is growing that the long-awaited parliament bill could dissolve unions that existed before martial law was decreed Dec. 13.

All Unions Included  
An official said this week after the new law was approved, "All union registrations made up to then will be considered void."

Solidarity, the only independent union in the Soviet bloc, as well as the autonomous and branch unions that replaced state-run unions that collapsed in 1980, would be included in such a bill.

Action on the new law, expected in the first half of October, will come just one year after the union held its first national congress and formally elected Lech Walesa to its chairmanship.

Since martial law, Mr. Walesa has been interned, the union suspended and its leaders held without charge or jailed for organizing strikes and protests in violation of emergency decrees.

'Realistic Situation' Seen  
The Communist Party daily Trybuna Ludu said in a commentary on the draft law that workers had been overshadowed by opponents of the state in Solidarity who had steered them into conflict.

"It does not seem possible to revive the past organizational structure," the paper said. "In such a situation the most realistic solution seems to be creating new trade union movement which authentically defends worker interests" and respects the party and Poland's alliances.

Government sources have said new unions may be constructed to stages, beginning with establishment of locals in large factories, followed by formation of links between these groups and finally a national representative body in about three years.

In addition, the sources said, the new law would severely limit the right to strike, a crucial element of agreements that launched Solidarity after Baltic shipyard strikes ended in August 1980.

Mental Tests Ordered  
The Polish authorities have apparently ordered one of Solidarity's best-known members held for psychiatric observation, the Los Angeles Times reported Thursday from Warsaw.

Anna Walentynowicz, 53, the crane operator whose dismissal from a Gdansk shipyard in August 1980 precipitated the strike that led to Solidarity's formation, is believed to be held in the Rakowice Prison hospital in Warsaw, her attorney, Jack Taylor, said.

The crane operator was released earlier this year after several months of internment, but was arrested again Sept. 1 on charges of organizing a hunger strike, according to union sources.

Forced psychiatric treatment is commonly used against dissidents in the Soviet Union and some Eastern bloc countries. But it is believed that it has never been used for political purposes in Poland.

## Poland to Mint John Paul II Coins

Regime to Market a \$20-Million Series Worldwide

By Robert D. Hershey Jr.

New York Times Service

WASHINGTON — The Polish government, eager to rebuild its depleted reserves of foreign exchange, has decided to mint about \$20 million of gold and silver coins stamped with the face of Pope John Paul II.

The coins are to be marketed worldwide at a substantial but as yet undetermined premium over their metallic content by Italcambio, a company in Milan that has recently signed the distribution agreement, according to Kenneth M. Crosby, a former Merrill Lynch International executive who is now a Washington consultant and was involved in the transaction.

Mr. Crosby said the idea was that of Ellen Jacobsen, a New York public relations consultant who has worked on it with the Polish authorities over the last three and half years.

A Polish official in New York declined comment, but W. Ludwicki of the New York representative office of Bank Handlowy, a Polish commercial bank, said Thursday that "such an agreement has been signed."

In Warsaw, the Polish authorities confirmed that the coins had been authorized but indicated that they were intended for distribution abroad.

### Legal Tender

The coins, which are to be legal tender but are unlikely to circulate as such, will be minted in units of one ounce (about 28 grams), one-quarter ounce and one-eighth ounce for the gold and one-half ounce and one-quarter ounce for the silver. Each of the five types will also be issued in proof form.

The nominal value of the coins will range from 100 to 10,000 zlotys. The exchange rate for zlotys is about 80 to the dollar officially and 300 to 350 unofficially, according to the State Department.

Unlike the sales of coins by such countries as South Africa, Canada and Mexico, this is not an attempt to market gold production. The coins will be minted by a private Swiss mint, a subsidiary of the Swiss Credit Bank. Although the premium has not yet been set, it is believed the coins would be priced from 30 to 50 percent above their intrinsic value.

Miss Jacobsen said that she first approached the government in 1979 and that she and an associate had made numerous trips to Poland since then to win approval. It would be the first time that a Polish coin would carry the image of a living person, she added.

"They're very proud of the pope," Miss Jacobsen said. "I didn't find too much resistance after the initial surprise." Miss Jacobsen said her firm, Ellen Jacobsen & Co., would get "a small royalty."

Sales are to begin about Nov. 15, shortly after the first set is presented in the pope. "He's very pleased," Miss Jacobsen said.

Mr. Schmidt's unexpected return brought Mr. Kohl, who had not planned to speak, to the podium. While apologizing for Mr. Kohl's "harsh words," Mr. Kohl insisted: "Frau Hamm-Brunner, whoever acts in conformity with the constitution — and the constitution is based on moral norms, this is the result of our history — cannot be acting in an immoral or un-Christian way."

Mr. Kohl told journalists that the first priorities of his new government would be domestic.

"The first and most important task will be to renew the strength of our people so that the economy can improve again and growing unemployment be diminished," said Mr. Kohl.

U.S. Promises Firm Ties  
The White House said Friday that President Ronald Reagan "has met Mr. Kohl and looks forward to working with the new chancellor as he did with the last one." Reuters reported from Washington. The State Department said that maintenance of a sound U.S. relationship with Bonn "is crucial to the security of the West. Our destinies are linked."

Quick Report in Moscow  
The Soviet news agency Tass reported the collapse of Chancellor Schmidt's government almost as soon as it took place in Bonn, the Washington Post reported from Moscow. It followed it up with several dispatches explaining what it called the "crisis" in West Germany but did so without commenting on the events.

## Kohl Elected By Bundestag As Chancellor

(Continued from Page 1)

morality and general Christian principles."

Spurred by this indictment, Heiner Geissler, the Christian Democrat secretary-general, demanded the floor, and, making himself heard over angry catcalls, accused Mrs. Hamm-Brunner of launching "an attack on the constitution."

This phrase incensed Chancellor Schmidt, who himself demanded the floor again. As murmurs rose from the Christian Democrats, he furiously slammed his fist on the podium, saying: "I still have the right to speak here!"

Then, after a silence settled over the house, Mr. Schmidt proclaimed: "When I hear someone call a free expression of opinion an attack on our constitution, then I must ask the leadership of the FDP (Free Democrats) if it really wants to enter an alliance with such illiberality and intolerance."

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## U.S. Finds Serious Loss Of Technology To Russia

By Philip M. Boffey

New York Times Service

WASHINGTON — A panel of experts appointed by the National Academy of Sciences and given secret intelligence briefings, has concluded that there has been "substantial and serious" leakage of American technology to the Soviet Union, including "a significant portion" that is "damaging to national security."

But the panel found that open scientific communications and exchanges, particularly the activities engaged in by universities, played a very small part in the leakage. It warned that government efforts to clamp down on the free flow of scientific information "could be extremely damaging to overall scientific and economic advance as well as to military progress."

The panel's report thus gave support to both sides of an increasingly acrimonious debate between national security officials and the scientific community concerning the extent to which security restrictions should be applied to scientific knowledge.

It acknowledged that military and intelligence officials are right to be concerned about the leakage of technologies of military importance to the Soviet Union but it even more strongly supports the right of universities and research scientists to remain free of restrictive controls.

Its central conclusion is that national security is more apt to be enhanced through a policy of open scientific communication that promotes scientific accomplishment rather than through a policy of secrecy controls that yield "limited and uncertain benefits."

The report was greeted warmly by George A. Keyworth Jr., President Ronald Reagan's science adviser, who said he found "very helpful the arguments that the report makes for security through accomplishment, rather than security through secrecy. The last thing we want to do is age the repressive Soviet model, which stifles technological innovation through its obsession with secrecy."

The 19-member group was headed by Dale R. Corson, president emeritus of Cornell University, and included scientists and administrators with experience in universities, industry, and government.

The panel appeared to be slightly dominated by academics but it also included such prominent national security figures as Samuel C. Phillips, former director of the National Security Agency, and William J. Perry, former undersecretary of defense for research and engineering. The panel was unanimous in all its conclusions and recommendations.

'Awesome Amount of Evidence'  
The judgment that "the overall loss of U.S. technologies" to the Soviet Union "has been extensive" was made by a subpanel of six experts with high security clearances who received briefings from the intelligence agencies. It was then endorsed by the full panel which received less-classified briefings.

The head of the subpanel — John M. Deutch, dean of science at the Massachusetts Institute of Technology, who is also an adviser to government military and intelligence agencies — said that "a real, quite awesome amount of evidence was presented" by the government to document the amount of leakage.

Mr. Corson said "these damaging transfers have occurred" through legal sales of products to the Soviet Union... through illegal sales of proscribed products through transfers of American technology to the Soviet Union by third countries, and through a highly organized espionage operation.

Several days later, the discovery of Mr. Calvi's body in London triggered a chain of events leading to the enforced liquidation of Ambrosiano six weeks later. Mr. Calvi's family is challenging the verdict of suicide in his death.

In June, the secretary of Banco Ambrosiano's former president, Roberto Calvi, committed suicide.

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## Report in U.S. Asserts Political Appointees Weaken the Military

By Michael Geder

Washington Post Service

WASHINGTON — A critique of U.S. military planning by the Congressional Research Service warns that the United States is making the same mistake as the Soviet Union by putting too many political appointees in key jobs.

"We sneer at the Soviets because they use political reliability as the top prerequisite for any important position, yet we are doing precisely the same thing," said John M. Collins, the senior specialist in national defense for the Library of Congress and the author of the 313-page study. The report was released Thursday.

"In many cases," Mr. Collins said in an interview, "professional competence is almost disregarded, and so you have to ask yourself, 'Are we so desperate for talent that we cannot select top planners that leadership feels comfortable with and that are also professionally qualified?'"

"We've got to be able to do that," he said, or face increasingly grim prospects in defending the United States and solving international crises.

Mr. Collins, in his study and in subsequent comments, makes clear he is not speaking specifically about the Reagan administration but rather about a trend in U.S. military planning during the 37-year period since the end of World War II.

Mr. Collins, a retired army colonel, has been the author of several influential critiques of military issues in recent years. His latest report, which was requested by four congressmen, comes at a time when there is controversy within the military services and in Congress on possible reorganization of the military hierarchy as one way to improve efficiency.

But the key to his critique, Mr. Collins said, is that "the problem is people rather than organization," and that "we're putting square pegs in round holes throughout the civilian and military establishment."

The study says that "neither selection nor retention policies consistently people the system with top officials or staff assistants who are prepared by education and experience to perform effectively" while "divided loyalties and jurisdictional disputes pull the system apart at every level."

While presidential counselors should possess "impeccable credentials," the study says, "education and experience" prepared few of them to participate effectively in the defense strategy formulation process over the last 37 years.

Nevertheless, Mr. Collins said these aides were generally better prepared than most secretaries of defense.

Mr. Collins writes that of 15 defense secretaries only George C. Marshall and Robert A. Lovett in the early 1950s and James R. Schlesinger in the mid-1970s had previous experience in "defense concept formulation and strategy," though others such as Melvin R. Laird, Donald H. Rumsfeld and Harold Brown all had some defense background.

In Mr. Collins' view, 12 of the 15 Pentagon chiefs "found on-the-job training imperative" and "few passed the primer stage before they were replaced."

About one-third of the 48 top military officers who have made up the joint chiefs of staff during the past 37 years lacked any joint service assignment in their careers before becoming part of a group that was meant to help unify military policy.

Average tenures for top people throughout the military community are "so short that even fully qualified players found it almost impossible to promulgate cohesive policies and programs, much less pursue them to successful conclusions," he said. The tenure for defense secretaries has averaged 2.4 years.

No Continuity

"Unfortunately," the study continues, "neither the National Security Council nor State Department features a career staff that ensures continuity. The former employs foreign policy and defense professionals who depart when party affiliations of presidents change. Political appointees people the State Department, where key personnel bob in the front door and out the back at high speed."

Mr. Collins says similar turbulence affects the political appointees in the Pentagon and that "the U.S. intelligence community suffers from people problems at least as debilitating as those that plague planners in the State Department and Pentagon."

Mr. Collins says that "the U.S. defense planning system functions with passable competence, according to supporters who properly point out that no other nation even closely approaches perfection in that difficult field."

But for those "who believe that deficiencies of the system are obvious rather than its merits," Mr. Collins offers some possible remedial measures such as removing certain "legal limitations" that restrict the pool of candidates for top civilian jobs and limit the tenure of top military and civilian officials.

## Question on Nuclear Freeze Confronts 25% of U.S. Voters

By Jay Mathews

Washington Post Service

WASHINGTON — Gov. Edmund G. Brown Jr. of California electrified his Senate race against Mayor Pete Wilson of San Diego earlier this week with a television advertising campaign asserting that Mr. Wilson opposes a nuclear arms moratorium.

The ad, reminiscent of the one used against Barry Goldwater in the 1964 presidential election, opens with Ron Cay, a third baseman for the Los Angeles Dodgers, saying, "I want to keep on playing baseball." Leonard Bernstein, the conductor, says, "I want to go on making music." Candice Bergen, the actress, says, "I want to go on doing it all."

Then the screen is filled with the fiery mushroom cloud of a nuclear explosion, followed by a scene in which a small boy, surrounded by children, says, "I want to go on living."

The ad closes with a picture of Mr. Brown and an

announcer intones: "Pete Wilson opposes the nuclear arms freeze. Jerry Brown supports it. Vote for your life. Elect Jerry Brown to the U.S. Senate."

Mr. Wilson, who denounced the ad as "character assassination," defended his position by saying: "I want the reduction of nuclear arms to begin. We have to do better than just freeze the nuclear cloud that hangs over the earth."

The San Diego official is just one target of the nuclear freeze movement, which has progressed nationwide from scattered protest groups to a potent political force. The Council for a Livable World has raised \$320,000 to help 14 Senate candidates who support an immediate moratorium on nuclear weapons and to unseat several senators who oppose the freeze.

Its new political action committee, PeacePAC, has targeted 12 congressmen, labeled the "Doomsday Dozen," and solicited money for their defeat in a

mailing to 500,000 people. The National Committee for an Effective Congress, which contributes to liberals of both parties, also has budgeted \$300,000 to defeat its own "Doomsday" list.

One American voter in four will have the opportunity to vote directly on the issue in November, in what will be the closest the United States has ever come to a national referendum. It will be on the ballot in eight states — California, Arizona, Oregon, North Dakota, Montana, Michigan, Rhode Island and New Jersey — and in cities from Anchorage, Alaska, to Dade County, Florida.

The Council for a Livable World is focusing on Senate races in smaller states where it believes it can have more of an impact. It already has contributed more than \$300,000 to Senator George J. Mitchell, a Maine Democrat, and \$30,000 to unseat Senator Malcolm Wallop of Wyoming. Harrison H. Schmitt

of New Mexico and Lowell P. Weicker Jr. of Connecticut. All are Republicans.

PeacePAC plans a total campaign of \$200,000 against its "Doomsday Dozen" in the House of Representatives. They include two Democrats, William V. Chappell Jr. of Florida and Samuel S. Stratton of New York, and 10 Republicans. The Republicans are: William Carney and John LeBoutellier of New York, Don H. Clausen and John H. Rousselot of California, James K. Coyne of Pennsylvania, Larry Craig of Idaho, David D. Marriot of Utah, Robert H. Michel of Illinois, Denny Smith of Oregon, and Frank R. Wolf of Virginia.

Freeze supporters believe their organizing this year will give them a base of support in the 1984 presidential elections. Two Democrats considered likely to seek their party's nomination, Senator Edward M. Kennedy of Massachusetts and former Vice President Walter F. Mondale, have both endorsed the freeze.

## Pentagon Lobby Effort Is Illegal, GAO Says

By Charles Mohr

New York Times Service

WASHINGTON — The General Accounting Office has said in a report that officials in the air force and the office of the defense secretary "have violated federal anti-lobbying laws" in a joint campaign with the Lockheed Corp. to push through Congress a program to buy 50 C-5 air cargo planes.

The accounting agency's report Thursday said that because one such anti-lobbying law contained provisions for fines and imprisonment, it was referring the matter to the Justice Department for possible prosecution. The report did not name any officials.

The Defense Department said Thursday that it was reviewing the report and had no comment.

## \$13-Million Theft Of Metals Revealed

The Associated Press

JOHANNESBURG — The theft of \$13 million worth of metals has been revealed in the annual stockholders' report of the Rustenburg Platinum Holdings Ltd., the state news agency said. The theft was described as the biggest precious metals theft in history.

The South African Press Association said Rustenburg, supplier of 40 percent of the world's platinum and gold, discovered the loss in March, informed the police, but withheld a public statement until reporting the year's performance up to the end of August.

"A significant amount" of the precious metals was lost "by theft," was virtually all the company acknowledged in the document, which was issued after the South African Stock Exchange closed Wednesday. The company gave no indication of how the material was stolen.

## U.S. to Pay Bills on Time In Attempt to Save Money

New York Times Service

WASHINGTON — The check is in the mail.

Starting Friday, the U.S. government was to begin trying to save money by paying its bills on time. Under the Prompt Payment Act, signed into law last May, it will be against the law, as of Oct. 1, for the government to pay its bills late. If it does, it will be obligated to pay contractors and suppliers an interest penalty at the rate of 15 percent.

The Reagan administration originally opposed the measure, arguing that paying bills late helped save the government money. But once it was clear that Congress was going to approve the proposal, President Ronald Reagan agreed to sign it.

When the government says it will pay its bills on time, it means that it will ante up for most items within 30 days of receiving a bill, plus a 15-day grace period.

As any bill payer knows, if you wait as long as you can to pay a bill, you can put off borrowing and the accompanying interest payments or, if you have money in hand, you can invest it and earn a little interest.

In fact, the Reagan administration intends to save \$250 million a year, according to an estimate by the Office of Management and Budget, by instructing those agencies that pay bills immediately upon receipt to lag a bit. So from now on, the check will be in the mail, but not until the 30th day. "We are expecting penalty interest payments to approximate zero," said John J. Lordan, an associate director of the budget office.

## U.S. Senate Approves New Job Training Act

By Seth S. King

New York Times Service

WASHINGTON — A sweeping new job training program to replace the expiring Comprehensive Employment and Training Act has been unanimously approved by the Senate, clearing the way for the House to do the same before Congress adjourns this weekend.

The measure, the only major labor legislation to come before this Congress, provides that 70 percent of its funds must be spent for permanent employment training, with none of this money available for public works jobs of the type offered under the old training program. However, a part of the funds for training may be used for financial assistance to some trainees, a part of the new bill that the administration officials once said President Ronald Reagan would veto.

Although the bill approved by the Senate does not carry a dollar figure, the Congressional Budget Office has estimated its cost in the coming year at \$3.7 billion. The plan envisions training as many as one million disadvantaged workers and youths.

Speaking in support of the training measure, which he co-sponsored with Senator Dan Quayle, Republican of Indiana, Senator Edward F. Kennedy, Democrat of Massachusetts, said that only a bipartisan effort had overcome the administration's original resistance.

Last week, amid new reports of widespread layoffs in the auto and steel industries, President Reagan

changed his mind, called for quick action on the measure, and criticized Congress for not moving more rapidly on it.

Senators of both parties praised the new job training act, calling it a marked improvement over the old program, and it was approved 95-0.

"Both parties shared in this legislation, the most significant labor measure to come before us," said Senator Paula Hawkins, Republican of Florida.

"It is a vast improvement over CETA because it increases the involvement of private industry in the training program. It emphasizes training rather than public works jobs, and unlike CETA, it does not train people for jobs that did not exist or provide funds for make-work projects," she added.

Millions of Jobs

The job training program ended Thursday night with the fiscal year. During the 10 years of its life, it provided millions of U.S. subsidized jobs for the disadvantaged.

More than \$66 billion was spent on the job training programs. Although job training was carried out by U.S. approved contractors, most of the funds went to cities and smaller localities and a high percentage of them were used to place disadvantaged workers on municipal payrolls.

The bill the Senate adopted Thursday was a House-Senate conference report that struck a compromise between original Senate and House measures and changed many of the provisions of a job training bill sponsored by the administration.

The conference committee bill would broaden the eligibility section to include more adults for training. The administration's plan would have been limited to disadvantaged youth under 25 years of age.

## Arizona Begins Broad Medical-Care Program

By Harry Nelson

Los Angeles Times Service

LOS ANGELES — Politically conservative Arizona moved Friday from being the only state without a Medicaid program to being the only state having a comprehensive program that eventually could include almost every employed person in the state.

The plan will be watched closely by government and health officials across the United States to see whether Arizona's innovative approach succeeds in containing the spiraling costs of the Medicaid program, which provides medical assistance to the poor.

Although initially aimed at the poor and the medically needy, the plan will become available by the end of the year to all private and public employees who wish to join, according to state officials.

Goal of Program

The program's goal, said Henry Foley, director of the Arizona Health Care Cost Containment System, is to restructure the delivery of health services in ways that cut costs while maintaining quality.

But it was criticized by Dr. John Oakley, president of the Arizona Medical Association, as "a mechanism to put on trial a plan to socialize medicine. It is not a plan for the indigent and we feel it is all at the expense of quality."

Last month all doctors, hospitals and clinics in each of Arizona's 14 counties were invited to submit bids on how much they would charge the state monthly to provide health services to individuals.

Average Monthly Fee

The state has since awarded contracts to doctors and hospitals and other providers whose bids were deemed acceptable. For the last two weeks individuals and families among the 91,000 who are eligible for Medicaid, and the 124,000 indigents and medically needy in the state have been signing up with the providers or provider groups.

Each patient will choose a doctor within the group he has selected and only the doctor can decide whether the patient needs to see a specialist or to be hospitalized.

The state will pay the doctor an average monthly fee of \$60 to \$65 for each poor and medically indigent patient on his list. If the patient needs to see a specialist or be hospitalized, the doctor must pay for these services out of the monthly fee, using specialists and hospitals with whom he has subcontracts.

Although other states have used a similar prepaid plan for the poor on a partial basis, Arizona is the first to place all poor persons in such a plan. And within the next few months, Arizona will be the first to offer it to the state's 104,000 private and 1.7-million private employees and dependents.

But many observers are skeptical whether the plan can succeed. The de-emphasis of the traditional fee-for-service system and the subsidized role to be played by specialists have antagonized the state's physicians.

Although there is a risk that the physician will lose money if too many patients require expensive care, there is also an income incentive for him to keep them healthy, Mr. Foley said.

While many of the state's 8,000 doctors seem to be adjusting to the idea of caring for the poor under such a system, most are apprehensive about the prospect of private patients becoming a part of it. That would mean a virtual end to the long-revered fee-for-service system.

It is unclear how many public and private employers will choose the plan for their workers, although many employers have been searching for ways to reduce the cost of health insurance premiums that have been rising rapidly.

By putting the poor and the working population together and requiring doctors and hospitals to bid competitively for their care, Mr. Foley believes there will be more incentive for providers to hold costs down.

Many doctors and some officials see a potential for, substandard medical care and fraud in the system, as happened in California in the 1970s with some prepaid group plans.

The Arizona program's sponsor estimates the Medicaid cost will be \$110 million during the first year in contrast with \$196 million previously from state and local programs.

The services provided include a comprehensive list except for dental and long-term care in nursing homes.

## School Expels Dictionary for Bad Language

The Associated Press

CARLSBAD, New Mexico — Carlsbad school officials have replaced copies of Webster's New Collegiate Dictionary with an older edition in the school through 12th grades because the latest contains obscene words.

About 100 dictionaries were taken from classrooms after a man complained to the assistant superintendent of instruction, Earl Bush, about the dictionaries. Mr. Bush refused to identify the man.

The president of the company that publishes Webster's dictionaries said he agreed the collegiate dictionary is not the proper edition to keep in secondary schools.

Mr. Bush said the older edition of the Webster's does not contain the offending words, which include several of the most commonly used four-letter terms. "So they are not without dictionaries," he said. The new dictionaries had been in classrooms for two years.

## 24 Die in Mexico Hurricane

The Associated Press

CULIACAN, Mexico — The hurricane that smashed into mountains along the coast in northwestern Mexico before dissipating Thursday, killed 24 people in Sinaloa state, it was reported. The hurricane, designated Paul, left about 10,000 people homeless, thousands more without electricity or drinking water.

## Carter Defends Record After Reagan Attack

By Adam Clymer

New York Times Service

WASHINGTON — Former President Jimmy Carter, responding to criticism from President Ronald Reagan, says that while his administration made mistakes, "we did not spend four years blaming our mistakes on our predecessors."

Mr. Carter said Thursday that he was responding to criticism by Mr. Reagan at a news conference Tuesday night. Mr. Reagan blamed the Carter administration for the recession and said that when he took office, "we found America in the worst economic mess since the days of Franklin Roosevelt."

Mr. Carter accused Mr. Reagan of not accepting his responsibilities. The former president said that after his defeat in 1980 he resolved to pledge his help and support to Mr. Reagan "when he was ready to accept the awesome responsibilities of the presidency."

"My offer still stands," Mr. Carter said at a Democratic National Committee fund-raising dinner. "When he is ready to accept those responsibilities, I'll be there to help him."

Mr. Carter referred several times to Mr. Reagan's criticism. He began his address by telling those who attended the \$1,000-per-plate dinner, "Despite what announcements and accusations may come out in the future, I'm not the one responsible for the National Football League strike."

The dinner was described by Peter G. Kelly, chairman of the Democratic national finance council, as the most successful in the party's history. He said it raised more than \$750,000.

Mr. Carter, appearing at a national party function for the first time since leaving office in January 1981, said that while growing up in the Depression he came to understand both the Republicans' legacy and the Democrats' commitment to "investment in jobs, and personal dignity and self-reliance."

"We have never forgotten," he added, "that the talents of a human being are a terrible thing to waste."

"Stand By Your Man"

While the Democrats were holding their dinner at a Washington hotel, Mr. Reagan was entertaining a largely Republican congressional group at the White House. He had invited all 533 members of Congress, but when he and Mrs. Reagan appeared on the South Lawn only 200 people were there.

A barbecue was served and entertainment was provided by Roger Williams, the pianist, and Tammy Wynette, the country singer. She sang her theme song "Stand By Your Man" with her arms around the president, who said later, "I had goose bumps."

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# Herald Tribune

Published With The New York Times and The Washington Post

## Tension in West Germany

The sounds you are hearing from West Germany are not just normal political noises. They are the sounds of a collapsing consensus that has huddled three remarkable decades of stability, economic growth and alliance with the West. Instability is now the outlook, whatever the date and result of the coming national election.

Until recently, despite great differences, the three main West German parties have clung to the center, and never more than during the eight-year chancellorship of Helmut Schmidt. But while Mr. Schmidt stood firm, the ground beneath him shifted.

As in America and Britain, much opinion moved to the right. And Mr. Schmidt's coalition partners, the Free Democrats, shifted with it, toward business subsidies and welfare cuts. His own Social Democrats, meanwhile, moved leftward, against Mr. Schmidt's fiscal conservatism and, in one wing, against the NATO missile plans he sponsored.

The switch of most Free Democratic deputies to the Christian Democrats' Helmut Kohl made Mr. Schmidt's rule unstable. He wanted an immediate election but the severely weakened Free Democrats have been moving to make Mr. Kohl chancellor first, on the way to an election early next year.

Mr. Schmidt will undoubtedly campaign

on his record. His party, however, is likely to drift further left, where it has been outflanked for the first time since World War II by the Greens, a mixed bag of ecologists, pacifists, radicals and anti-parliamentarians.

If, as the polls and local elections suggest, neither Mr. Schmidt nor Mr. Kohl win a majority and the Greens supplant the Free Democrats as the third party, West Germany will be severely torn.

Even if the Christian Democrats gain a majority, or come to govern with the Free Democrats, their support for the nuclear plans of the North Atlantic Treaty Organization will be hotly contested. And the heat is sure to be intensified by slow recovery, high unemployment and cuts in welfare, building pressures for a Socialist-Green alliance.

Mr. Schmidt's future looks dim. His party cannot govern without allies. Though he remains West Germany's most popular leader, his distance from a Green alliance could leave him without a constituency. The chancellor has actually built on Konrad Adenauer's ties to the West and Willy Brandt's opening to the East. His Germany did better economically than any major democracy except Japan. Many West Germans desire a change. But they face a tense, polarizing new politics.

—THE NEW YORK TIMES

## Investigating the Massacre

Menachem Begin had rejected any thought of a serious probe of the Beirut massacre, but a large-scale unraveling of his own government loomed, and a tenth of the country's population, Jews and Arabs together, took to the streets to protest. Mr. Begin came back from Yom Kippur, the traditional Jewish day for soul-searching, and accepted a full judicial inquiry into "all the facts and factors" relating to the massacre.

It could not have been easy for Mr. Begin to head down a road leading, possibly, to greater national embarrassment for Israel and political embarrassment for himself.

But then it was no longer possible, if he wished to continue governing at all, not to head down that road.

Inevitably, the inquiry and the discussion surrounding it will make Israelis ask whether the conduct of their military in relation to the massacre was an isolated incident or the extension of broader policies and attitudes, especially in regard to the Palestinians. This could become the heart of the matter.

The Israelis, Mr. Reagan suggested Tuesday, are "proving with their reaction to the massacre that there's no change in the spirit of Israel." He is right. The Israelis feel they must prove, first to themselves, that they are still true to their deepest impulse of compas-

sion for people as innocent and defenseless as once — many times — they were themselves. They accept the moment as one for conscious self-definition, notwithstanding the likely costs. It is too much to expect that the Lebanese, whose people actually consumed the terror at Chaila and Sabra, might also decide to fix and accept their share of the responsibility for it?

Attention focuses on whether Mr. Begin, or at least his defense minister, Ariel Sharon, can survive the process of inquiry.

It will come as no surprise that we hope they will not.

Mr. Begin, it has long seemed to us, ended — and nobly so — the period of his useful service to his country by the peace treaty with Egypt, the now-central Palestinian issue is beyond him. Mr. Sharon's high talents come wrapped in attitudes of personal and national arrogance increasingly seen to menace Israeli democracy and humanism.

The Israeli people, however, hardly appear to be in need of political kicking from their foreign friends. Indeed, such advice can backfire. Whatever the nature of the government with which Israel emerges from this ordeal, the United States will work with it, and urge it to make peace.

—THE WASHINGTON POST

## Other Opinion

### Nuclear or Conventional?

General Bernard Rogers, NATO's top general in Europe, is to be congratulated for his sane and sober contributions, in Brussels and London earlier this week, to the debate over the flaws in the alliance's nuclear strategy.

For the past 15 years NATO's military posture has been based on the presumption that its conventional inferiority to the conventional forces of the Warsaw Pact can only be made good by the implied threat of an early resort to nuclear weapons in the event of an attack.

Given the tightness of national budgets in all European countries, it may seem unrealistic for General Rogers to call for bigger increases in conventional defense spending. Yet General Rogers is making a very political point when he says that he and the anti-nuclear movement agree on one thing: the need to reduce reliance on nuclear weapons and the dangers of nuclear war.

Hitherto, the gap in the position of the anti-nuclear protesters is the absence of any serious attempt to devise a non-nuclear defense against a nuclear-armed Soviet Union. But if their protests force the generals and the politicians to come up with a more plausible and less nuclear-dependent defense strategy they will have served a useful purpose.

—The Financial Times (London).

### 'Clumsy Pressures'

Reports persist that the U.S. administration has persuaded itself that, during this period of Soviet weakness, it is time to increase pressure on the Kremlin — through economic warfare (such as the attempted embargo on equipment for the Soviet natural-gas pipeline to Europe), by a rigid bargaining strategy on arms control, and the like.

According to these reports, the hope is to force the Soviet Union into less military spending and a more accommodating posture. The goals are appropriate. But pressure, if too overt, would almost certainly be counterproductive. Despite all its troubles, the Soviet Union remains a powerful nation that, if it feels sufficiently threatened, could make the world a very dangerous place indeed.

Clumsy pressures, far from encouraging the coming to power of whatever accommodation-minded elements exist in the Kremlin, are more likely to have the opposite effect.

Most Western experts, while counseling a policy of firmness and cold-eyed realism in dealing with Moscow, also believe in keeping open the door to better economic and political relations. It is good advice. The Soviet Union has its problems, but it continues to have an enormous capacity for mischief.

—The Los Angeles Times

### Hong Kong's Future

The real enemy of confidence in Hong Kong is the uncertainty which this visit by Prime Minister Margaret Thatcher to China has only compounded. The way forward now should be to accept gracefully that sovereignty does indeed belong to China, and start negotiating a smooth transition with the maximum safeguards to preserve the interests of the Hong Kong people. The resulting shape need not be at all alarming, to judge from the ideas now being floated in Peking.

Hong Kong would remain a free port with its own currency, but under a Chinese governor and with an administration based largely upon the local Chinese.

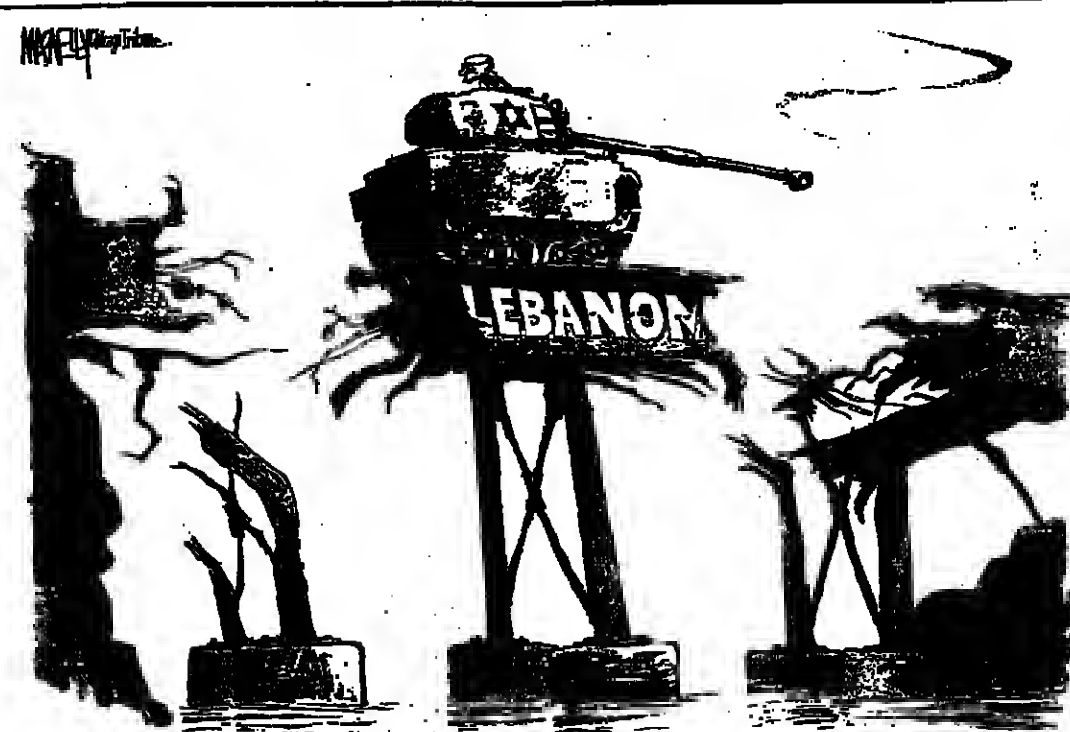
—The Guardian (London).

### Pressure on Jaruzelski

The Jaruzelski regime is under pressure from the Polish nation and not only because of the increasing frequency and intensity of protests by industrial workers. In their own more gradual but no less dangerous way the farmers are becoming refractory, and this is bound to affect supplies to the factories and cities in the coming winter.

But worst of all is the confrontation with the younger generation. Some 18 million people in that category have reached a stage of frustration and disappointment that rules out any active cooperation with the government. Continuation of existing policies will mean that the younger generation will be irretrievably lost to any future Communist-oriented regime.

—The Neue Zürcher Zeitung (Zurich).



## Offers Begin Can't Afford to Refuse

By Joseph Kraft

WASHINGTON — The horror of the Beirut massacre drew attention away from the underlying political conditions in the Middle East. But these conditions, despite the bloodbath, remain favorable to a general settlement advantageous to the United States.

But the trick is not to punish the Israelis. It is to elicit from the Arabs specific offers that the Israelis, in their present chastened state, cannot refuse.

Lebanon presents the immediate theater of opportunity. The new president, Amin Gemayel, comes from the Phalange movement in the Christian community, as did his brother, Bashir, who was murdered after being elected to the office. But Amin Gemayel played no part in the massacre and enjoys wider support, especially from the Moslems. He has the backing of the multinational forces, including the contingent of American Marines who, President Ronald Reagan has said, will remain in place until Lebanon is on the way to reconstruction.

The success of Mr. Gemayel marches directly with the American interest. A united Lebanon forms a natural bridge between the advanced industrial countries and the oil-rich lands of the Gulf.

But Mr. Gemayel cannot succeed until he clears his country of the occupying forces sent in by Syria and Israel.

Syria's stake in Lebanon is large. Traditionally, Syrians regard Lebanon as part of a sphere of interest that includes pieces of Jordan and Israel that they lump together as Palestine. Any devotion from that image of Greater Syria would cost President Hafez al-Assad dearly.

But Mr. Assad is unhappy with the results of his present alliance with the Russians. He is said by senior American officials to be interested in a move away from the Soviet Union and toward a connection with the United States.

Moreover, Damascus stands within artillery range of the Israeli troops in Lebanon. So Mr. Assad probably would agree to a series of disengagement accords with Israel whereby both countries would pull their troops from Lebanon in stages. Only even then, he would want assurances of a voice in any future arrangements that involved Israel, Jordan and the Palestinians.

The Palestinians count as their chief base the West Bank. It was once controlled by Jordan, and is now occupied by Israel. Under the Camp David accords, Israel and Egypt were to negotiate autonomy for the Palestinians living on the West Bank.

But the Palestine Liberation Organization insisted on an independent state. That stance was backed by most residents of the West Bank and by King Hussein of Jordan — the more so when the Israelis started to chop up the West Bank through the planting of Jewish settlements.

A new chapter opened with the peace plan proposed by Mr. Reagan on Sept. 1. The U.S. advocated Palestinian autonomy within the context of a Jordanian state. King Hussein responded somewhat positively by opening talks with the Palestinians, including the PLO, for an accord on a Jordanian federation. But he insists such an accord would have to be

approved both by a local referendum and by an international conference including the Soviet Union. Since the Beirut massacre, King Hussein has repeatedly said he would not deal with the government of Menachem Begin.

Mr. Begin, for his part, has evinced little interest in a Syrian withdrawal from Lebanon. Instead he has set his sights on protecting the Christian forces sponsored by Israel as a kind of border guard in southern Lebanon. He has also talked up the idea of a treaty whereby Lebanon would follow Egypt in making formal peace with Israel.

Toward the Reagan peace plan, Mr. Begin has been definitely negative. King Hussein's maneuvers only deepen his mistrust. For in the proposed referendum, and in the conference with the Russians, Mr. Begin sees a ruse to put over what he most wants to avoid — an independent Palestinian state between Israel and Jordan.

But the Begin government is on the defensive in the world. The Labor opposition in Israel is after him, and the government coalition shows signs of strain. So it is in no position to resist conciliatory offers from the Arab states.

The American interest, in these conditions, is to clear the way for the offers from the Arabs. That means avoiding loose, general discussion. It means separating the immediate issue, which is Lebanon, from the more distant one, the Palestinians. It means round-the-clock work with the Syrians and the Jordanians to produce the kind of offers that engage Israeli opinion to the point that even Menachem Begin cannot say no.

Los Angeles Times

## The Undercurrents of the French War Against U.S. Culture

By Flora Lewis

PARIS — Alongside the worries everyone shares nowadays, the French are having their own jolly guerrilla war about being anti-American.

In West Germany, the ultimate in anti-Americanism might be Rudolf Bahro, a culturalist at a league of the peace movement. He told mass rallies earlier this year that he was campaigning for "a refusal of America's protection" as a way to show rejection of the idea of nuclear deterrence.

"We want an independent peace policy for Germany and for Europe," he said. "We don't want to be defended unto atomic death. We must accommodate with the superpower that is geographically nearest." The Soviet Union.

In Britain, being anti-American means being pro-disarmament, anti-capitalism, and anti-European Community.

These are weighty matters on the feathery fringe of politics, which is not to say that peace movements and criticism of U.S. policy do not have far broader support in terms more powerful than the word.

But in France, the little war about America is put differently. The latest skirmish was launched by the minister of culture, whose out-of-Gallic name is Jack Lang. He was the hit

of the UNESCO conference in Mexico last summer with a long diatribe against "American cultural imperialism."

The dominance of American pop songs, movies and TV serials, he said, was due to "an immense empire of profits."

He called for "real cultural resistance, a real crusade against — let's call things by their name — this financial and intellectual imperialism that no longer grabs territory, or rarely, but grabs consciousness, ways of thinking, ways of living.... We must act if tomorrow we don't want to be nothing but the sandwich-board of the multinationals."

Mr. Lang argued that the way to confront the world economic crisis was to establish an "offensive and enlarged concept of culture." He wound up with the cry, "Economy and culture, the same struggle." It stirred up a storm in Paris. The intellectual set rushed to the barricades, both sides.

There were arguments that the United States, being the world's most cosmopolitan country drawing on all cultures, naturally was better equipped to please all kinds of audiences than are countries that close themselves to outside influence.

That brought replies that the United States produces vulgarities against which noble French culture must be protected. (A year ago, Mr. Lang said he wanted to restrict distribution of American films in France, but he has not succeeded.)

The report was that Mr. Lang was letting his bad taste show by lumping Kojak and Dallas with William Styron and William Faulkner in his general anti-Americanism. Mr. Lang snuffed back that he has a record of support for truly worthwhile American culture, and he does, but for a particular avant garde consisting of John Cage, Merce Cunningham, and a troop called "Bread and Puppet" that he introduced in France.

And that evoked charges that French intellectuals, the la Langs, always looked down their noses at popular films and books and so on, leaving the mass market such dreary pickings that their own public is driven to import entertainment.

A whirwind in a wine-glass? Not exactly. There are undercurrents here. A French TV documentary on "The danger of masterpieces" demanded return of New York's Cloisters Museum because it had been taken stone by stone from France. An outraged

## The Bankers' Quiet Look At an Onrushing Train

By Henry Owen

WASHINGTON — If you want to think about whether there will be another great economic crash, the most painless way to do so is to attend a seminar on this question with a hundred or so Austrian and other bankers at the Tyrolean resort of Alpbach. If you want to test your conclusion, the best way is to listen to several thousand bankers from all over the world talk about it a week later at the annual World Bank-IMF meeting in Toronto.

There may be more beautiful Alpine villages than Alpbach, but I doubt it. Green sloping mountains and sheer rock cliffs surround it, like the rising benches of an amphitheater. The inhabitants, complete with cows and milk cans, look as though they had been selected for their parts by Central Casting. Why anyone should attend indoor meetings in this setting would be hard to figure out, if the question posed were not one of surpassing importance. The Alpbach participants came together to discuss whether there would be a great crash.

They agreed on all the reasons why a crash might come about, and they concluded, not surprisingly, that whether these problems were overcome would depend on political, not economic, factors. But there was more to it. The main conclusion that emerged was that there was no great mystery about the policies required to avert a crash, despite all the talk of innovation, the remedies remain both familiar and unpopular. No great intellectual talent is needed to identify these policies — only the kind of common sense that Justice Oliver Wendell Holmes attributed to a man who didn't want to lie down in front of an onrushing locomotive.

All agreed that large budgetary deficits should be avoided in the main industrial countries, since they cause inflation and impede recovery.

All agreed that in order to avoid widespread defaults, international financial institutions should be given the large resources needed to provide debtor countries with aid for long-term development (the World Bank) and short-term stabilization (the International Monetary Fund), and that both governments and private banks should respect the tough conditions that these institutions impose on aid recipients.

All agreed that if these debtor countries are to fight their way back to economic health, they must be allowed to sell more of their exports to the industrial countries.

The obstacles to adopting those policies were also evident: Governments' propensity to spend is higher than their propensity to tax; legislatures are reluctant to provide funds for international financial institutions they cannot control; and other governments not commercial banks want to be deterred from making loans by these institutions.

A wave of applause swept through the Alpbach audience when it was

suggested that voters would reward political leaders who moved in needed directions. Then members of that audience took off to address the same question with most of the world's financial leaders in Canada.

Toronto is a city that bears large and graceful marks of its British heritage. But the officials meeting there were looking to the future.

Agreement was not reached on a large expansion of the IMF, largely due to U.S. doubt. The United States stretched out its pledged contribution to the International Development Association, the soft-loan window of the World Bank, from three to four years. A.W. Clausen, head of the World Bank, called on industrial countries to allow developing countries' exports into their markets, but few of the industrial countries' spokesmen pledged to take his advice.

The plea by Jacques de Larosière, the IMF's managing director, for fiscal austerity in the industrial world did not lead anyone to suggest that the United States should rescind the three-fourth of last year's tax cut that is still on the books.

Only a very optimistic man could thus come away from Toronto convinced that the challenge posed at Alpbach would be met. But there were some hopeful signs. The U.S. representatives seemed impressed by the case for a larger increase in the IMF, and probably returned to Washington to lobby for a change in the U.S. position.

European countries did not reduce their pledged contributions to the IMF on account of the U.S. stretch-out. Private bankers and government officials, alike, seemed chastened by the effects of their past unconditional lending to developing countries — and more receptive to the proposition that they should respect the tough conditions that the IMF will attach to any future lending.

At Alpbach, someone asked whether the light at the end of the tunnel was not the headlight of an oncoming locomotive. Toronto did not make clear whether political leaders would give voters the chance to show the kind of common sense needed to get out of that locomotive's way. But Alpbach and Toronto, together, made clear that the remedies are neither hard to define nor impossible to execute.

They also suggested that substantial time will be needed to develop a political consensus regarding remedies, and for them to take effect. The outlook for the next few years is neither crash nor rapid recovery — but rather a painful period of political and economic change, with economic improvement waiting on that change.

The writer, ambassador-at-large during the Carter administration, is a senior fellow at the Brookings Institution and a member of the Consultants International Group.



François Mitterrand

them to seek scapegoats. But it is hard to see the mote in one's own eye. A French weekly, pained at reports of U.S. irritation, had its New York correspondent look into it asking, "But after all, what have we done to the Americans?"

Americans reverse the question. Leaders talk about common values, common standards as the foundation of Western strength. It will take an effort on both sides not to reduce what is mutual to being fashionably "anti-".

The New York Times

## Communists, Under Mitterrand, Quietly Settle In

By William Pfaff

PARIS — In France today, the Communist Party enjoys what it has sought for decades: a place to the government. But since May of last year, when it became the minority partner of the Socialist Party in France's government, it has played a notably inconspicuous role. It is not only the Socialists' minority partner, but also their silent partner.

This uncharacteristic discretion probably will continue until the municipal elections set for next March. The Communists, meanwhile, are assiduously improving their numbers and influence in the state administration: the offices they hold in local government, and their weight in the factories. They plan to do better yet before their coalition with the Socialists comes to an end.

Their policy works both sides of the political street. The party itself, and the Communist ministers in government, including the ministers of health, transport, and public administration, quietly have allowed the Socialists to dominate the political scene.

The Socialists set policy, announce it, defend it — and take the blame when it fails.

The Communists say hardly a word, even when the government attacks what the Communists defend. The French Communist Party, for example, is virtually the only foreign friend of Poland's military dictators.

The French government, on the other hand, is one of the Polish generals' most vigorous critics. The Socialists have also brought France closer to active military cooperation in NATO than either of the preceding conservative governments.

The Socialist government currently is set on an austere economic course that is the opposite of what the Communists want. The Communists favor reflation, public spending, and protectionism, to fence France off from an international system dominated by bankers and multinational corporations headquartered in the United States.

break with their Socialist partners in government. They clearly calculate that the time will come when ordinary Frenchmen will have had enough of austerity, and will decide once again — as last year — that a change in government, any change, can spare them from slogging along through the world's economic slump. The Communists then will claim they have been against Socialist programs all along. It is a sensible, if cynical, approach.

The Communists' situation inside government enables them to "colonize" services in the French administration and the public sector. It gives them leverage on policy decisions and industrial disputes because the Socialists' electoral outlook has worsened recently; the municipal elections next year will be an important test.

It is important to hold the leftist coalition together at least until spring. After that, they too might think of new partners.

The Communists are in a strong position. But does it really make any difference? The strength is tactical, not strategic.

Their obvious objective is to recapture the position they once held as the largest and most important of France's parties of the left. They lost that distinction to the Socialists during the 1970s, but they were already a party in decline. In the elections of the 1950s they used to win between a quarter and a fifth of the vote. In last year's parliamentary vote, their final score was 13.61 percent. Nothing in the polls taken since suggests that they are about to improve much on that.

Communism in France has actually become a useful vehicle for institutionalizing dissidence, channeling it in a way that has been to the advantage of right-wing governments in the past — because the Communists divided the left — as well as to the Soviet Union, for which the French party has provided many a valuable service. For French reformers and radicals on the other hand, it has been a distraction, if not a disaster.

What is most interesting about France's Communists is that they are not the poor, the industrial workers, the proletariat, the deprived. Their social profile is scarcely distinguishable from the rest. Surveys show that subscribers to the Communist daily L'Humanité have virtually the same habits and material possessions as readers of the non-Communist popular press.

What sets them off is bloody-mindedness. They are against what the rest are for. The Communist Party is the means by which French society institutionalizes alienation from the mainstream, without threatening France's accepted structures. It is, for its members, the way to denounce and defy French society while running no risk of changing it.

International Herald Tribune

## LETTERS

### No Influence

I am sick and tired of reading that the United States cannot reduce its massive military and economic support for Israel because it would be counterproductive, undermining American influence with Israel and spurring Israel on to even more outrageous behavior.

It should be by now abundantly clear that the United States has no influence whatsoever with the current Israeli government and that nothing the United States or anyone else can do will make Begin, Sharon and company behave in a responsible fashion.

Surely it is high time for the United States to focus on its own eroding position in world public opinion, to stand firmly behind the principles of morality, justice and legality it professes to revere, to dissociate itself from the thugs currently running Israel and to save its support for a new Israeli government that can offer some hope of progress toward peace.

JOHN V. WHITEBECK, Paris

### Some Good News

Regarding "Exploring The Great Barrier Reef" (IHT, Aug. 19):

I clipped and sent James P. Sterba's article to a 12-year-old in the States who is a budding herpetologist and would-be diver. Keep this sort of thing coming. Your readers need a break from the constant outpouring of bad news.

KITTY CLOSE, Madrid

## OCT. 2: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1932: The Manchurian Debate

GENEVA — Ultimate Chinese sovereignty for Manchuria after temporary demilitarization and control by international intervention is recommended by the Lytton Commission in a report published to guide the League of Nations. Cutting with equal ruthlessness through the diplomatic positions of both China and Japan, the commission under Lord Lytton, including French, German and Italian members, with Gen. McCoy representing the United States, holds that no solution can be reached without a Chinese-Japanese rapprochement, with respect for the interests of both. Chinese and Japanese delegates expressed dissatisfaction at the report.

### 1907: Cézanne and Morisot

PARIS — A report on this year's Salon d'Automne includes the comment: "It is no good discussing Cézanne, for if one does, one is treated as a 'snob' by all those whom Cézanne's admirers style idiots. One must refrain therefrom, admire certain 'tone' relations and marvel at the lack of equilibrium displayed by the fruit dishes. Cézanne is a great man of obliging nature who troubles no one, and who causes one to excuse everyone else. Mme. Berthe Morisot was once the fair smile of the impressionistic school. Starting with imitating Stevens, she has arrived at imitating Renoir, after having imitated Manet. Among her styles we prefer that of Renoir."

JOHN HAY WHITNEY (1904-1982), Chairman  
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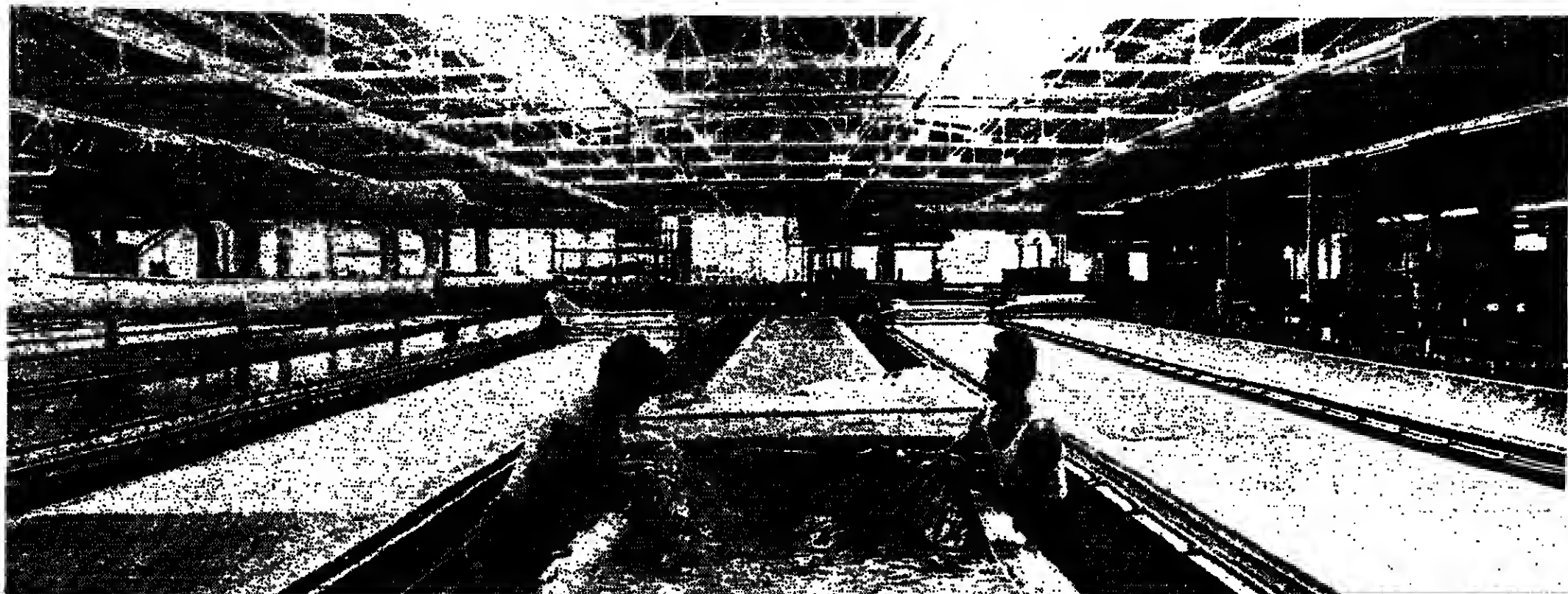
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THE FABRICS: Two views inside the Bertrand textile factory at Biella, one of Italy's three textile capitals. The others are Como and Prato.

## Herald Tribune

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OCTOBER, 1982

# ITALIAN FASHION

## Designers Draw on Centuries Of Tradition, Craftsmanship

By Hebe Dorsey

MILAN — Italian fashion designers are lucky. They are backed by a unique combination of fashion entrepreneurs who think in international terms, resourceful fabric creators who spare no effort to meet their most finicky specifications and artisans who — through centuries of tradition — are still delivering the finest that human hands can produce.

The artisans are particularly endearing. "It's in our blood," said Beppe Modenese, the main attraction of the most important Italian fashion fair. "We're so personal that we have a hard time adjusting to the industrial world."

It goes back to the Middle Ages, when whole cities were divided into different sectors, devoted to different trades — tailors, silversmiths, cabinet makers, leather workers. This created a whole category of people, very proud of what they are doing.

"Unfortunately, young people did not follow suit, although I must say it looks like it's starting again. There is a definite return to personal, artisan work, because people are getting tired of working in factories. Italian quality often comes from the fact that even if we start at the factory, we finish by hand."

That's the case of Gianfranco Ferré's ready-to-wear, for instance.

The industrialists of fashion and the artisans are the backbone of the Italian fashion industry, the hidden part of the iceberg. While the world knows the names of Versace, Armani, Fendi, Missoni, Ferré or Krizia, it does not always know the unsung heroes of that fashion saga whose talent and dedication is at least as great as the designers'.

Unlike the high-fashion designers, whose money is relatively new and the lifestyles flashy and often flamboyant, the wool and silk barons are aristocratically low key.

The wool barons live around Biella, a small, quiet city 100 kilometers outside Milan. Many still own private homes, with walled-in gardens not far from their factories. The silk barons are concentrated around Como in spectacular villas with views over the lake, and they own expensive antiques.

One becomes aware of them when their names — Agnola, Taroni, Zegna, Etro, Mantero, Bini — are recited out at the end of each collection, and only then does one realize how much the Italian fashion creators owe to their fabrics industry.

## 3 Textile Capitals Played Key Roles In Developing Nation's Industries

The following article is an excerpt from "Who's Who in Italian Fashion," by Adriana Mulassano.

MILAN — Penelope's art in Italy has illustrious precedents. Warps and wefts and embroideries fade into the distant past. Ever since the Crusades, when the Serenissima learned the secrets of more refined weaving from the East, Venice has produced superb damasks, velvets and brocades.

For centuries, the women of Valle di Aosta taught succeeding generations to weave pezzotti, using the poorest materials salvaged from humble remnants, tattered shirts, pieces of rag and worn-out clothes. In Barbagia, since pirate days, a legend has accompanied the "flame" motif, one of the oldest and loveliest in Sardinian weaving. At Barano, for at least 600 years, women have made their "needle-lace" with its air stitch and turban stitch. And before the days of metal needles, they used fish bones to make their lace.

Again, in Abruzzi a centuries-old carpet-making tradition exists, with its lion and unicorn, eagle and siren motifs. In Sicily, gold

embroidery is done by the women of Fiana degli Albanesi, inhabited to this day by descendants of the colonies of Albanians, who took refuge there at the end of the 16th century to escape the Turkish invasion. In Romagna, the "rust canvas" is one of the oldest crafts. In Liguria, silk velvets are made at Zoagli and damasks at Lissica.

Italy's textile industry, too, has no less distinguished traditions. Though quite dissimilar in tradition, background and specialization, the three capitals, Como, Biella and Prato, play equally decisive roles in Italian industry.

**Singlehanded First**

The first silk looms were set up at Como in the middle of the 17th century. To be exact, scholars date the origin of Como weaving from 1554. Development was sluggish at first, hampered as it was by the political and fiscal difficulties of Spanish rule. Only after 1714, when the Spanish abandoned Milan, was the silk weaving trade able to enjoy a greater independence. In Como, there were 60 looms in operation. By 1772, there were more than 200, and at the beginning of the 19th century there were already more than 1,400.

But luck ran out. The arrival of the French troops brought privileged outlets to the competing silk manufacturers of Lyons and caused the collapse of Como's industry. Como only began to recover from this blow when the Cisalpine Republic was established. During the Risorgimento, Como had no fewer than 3,000 looms and became the hub of the silk industry. It soon began to be a source of worry to the competition in Lyons, when it introduced mechanical looms to replace the manual ones.

The machine-made fabrics were just as beautiful, and lower costs opened the way to export. Today, a century later, Como is in the enviable position of being able to rely on the best and most expert designers, the most highly skilled photoengravers, and an ultramodern school to train its future technicians. One hundred years later, the silk-weaving industry in Como and the province counts 18,500 looms and employs 15,000 people. Biella is one of the most important wool centers in Europe, with a compact industry specializing in the highest quality products. Wool in Biella is like cars in Turin — average and small companies, mostly managed by family groups, employ more than 70 percent of the total industrial labor force.

**Became Specialized**

From its beginnings in Mosso Santa Maria and in Biella in the early 1800's, the wool industry rapidly spread to about 10 towns in the province of Piedmont. These gradually became specialized in weaving, spinning, combing and carding, doubling, finishing and wool manufacturing.

The Biella industry, like all Italian industry, has humble origins. It began in the valley in direct contact with the shepherds and wretched poverty. Initially, conditions in the mills were appalling. The working day lasted 12 to 14 hours in foul rooms. The windows were barred because wool needed heat. Women and children worked day and night shifts.

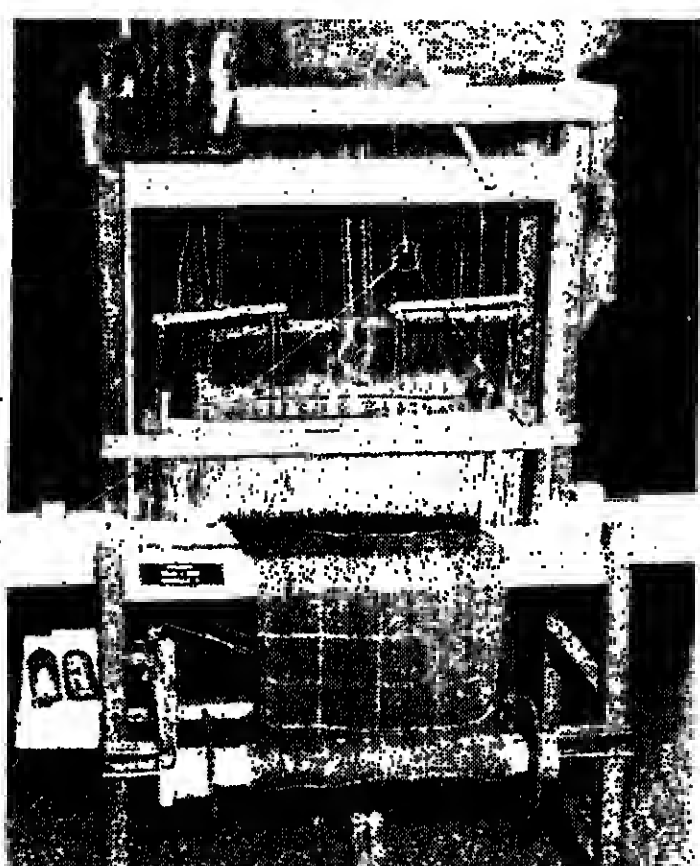
In 1850, Cavour said in parliament: "Perhaps we care too little about the fact that in our mills women and children work twice as long as in England." Fifty years later, Luigi Einaudi went to Biella as a journalist, to report on the situation there. He found it highly unsatisfactory. Today, labor conditions have improved enormously, though the urge to produce has remained the same. Biella's wool manufacturers are healthy, honest and untiring workers who have succeeded in making their province one of the richest in Italy.

A case apart, but a phenomenal one in the Italian textile trade, is that of Prato, the Tuscan town just outside Florence. Its industry came into being after World War II with carded wool, and it is still the last great producer of carded wool cloth, although the most remarkable differences have developed there during the past 15 years.

Prato's staggering range of fabrics, which sweeps from flannel to jeans, and from fashion fabrics to blankets for the Third World, has kept Prato's industry very much in step with the times and enabled the town to conquer huge shares of the world market. Flexibility and imagination, plus a remarkable entrepreneurial flair, have created a local production cycle in Prato that is unique in Italy.

With the exception of the *Fabbricone*, there are no major industrial complexes in the town. But there are two types of wool mills. The first uses textile machinery and a fair number of employees; the second has no plants and very few employees.

(Continued on Page 85)



A loom at Bertrand's in Biella.

## 4 Million Artisans, Craftsmen Assure That Intrinsic Quality

By Pia Soli

ROME — The first building of any architectural significance that you come upon when you enter Rome from Fiumicino Airport is the Palazzo del Lavoro.

Italians call it the "Swiss cheese" because of the dozens of holes on all sides. There is an inscription on the facade that describes the Italians as a race of thinkers, philosophers, navigators and artists. But oddly enough, there is no mention of craftsmen and artisans. An incredible oversight when you think that out of a working population of 20 million people, four million are artisans and craftsmen. And not just by definition but by vocation.

At a recent gathering to celebrate the marriage of fashion and politics — it took 30 years for them to get together — Emilio Fucci, member of parliament and the creator of the first Italian "look," thundered out the following remark: "It is time the government took cognizance of the immense endowments of craftsmanship of this country." He was right. It is artisans and craftsmen who have conferred greatness on so many sectors of Italian labor.

**Intrinsic Quality**

Artisanry is an intrinsic quality of the Italians. And people who know Italians personally are fully aware of this. By definition, the craftsman is someone who works alone or with only a few colleagues, someone who follows every step of his work from beginning to end. And the most craftsmanlike are those who work in the vast world of fashion, producing shoes, knitwear and accessories.

Unprejudiced observers are frank in admitting that fashion would never have existed at all without craftsmen. And that is still true today, computers and electronics notwithstanding. The artisans are the vital part of the industry, giving wholeheartedly of themselves and their skills. Foreigners like to imagine Italian craftsmen as magicians bending over cluttered work tables intent on finding the ideal solution for objects to wear and display — and they are not far wrong. You ought to see them on the eve of a fashion showing working far into the night to make that shoe, that glove, that printed fabric, in short everything the designer needs.

But besides the handicraft, the manual skill, the ancient heritage of an ancient culture, the Italian craftsman has another gift that makes him great and unique — he is always ready and willing to take risks and try something new. Look around you, are there many people like that in any field. This yearning to be the best, not to repeat anything and to throw themselves into something new every six months earns a privileged place in the international fashion world, a world that gobbles up everything in sight every six months.

**Common Refrain**

The artisan never asks "Why should I," a fairly common refrain among working people everywhere. With little fuss or fanfare he settles down to work as simply as possible. This is why Prato, Biella and Carpi can turn up new ideas in knitwear every day of the year. And that is why there are over new and fascinating subtleties in tanning in Naples. And this explains why the Marche region is responsible for shoes that have made a large part of the world walk "Italian style."

Many other sectors of the economy gradually lose their personnel, but crafts seem to flourish. Recent data indicate a growth of 15 percent over the past 10 years with constant trade. And crafts have been attracting the young, who are finding a new sense of life in creative manual work. They may start out lightheartedly or in revolt, but they stay with it. It becomes a passion, and it provides a healthy standard of living.

## The Zegnag: Wool Empire In Trivero

TRIVERO — To the wool industry, Trivero is Zegnag, a small, hilly village that prospered since 1912, when Ermenegildo Zegna started a wool empire. After his death in 1967, his two sons, Aldo and Angelo, run what has become a \$100-million business, employing 2,200 people.

To house their employees, the Zegna family became builders, erecting houses and schools, roads and parks, libraries, hospitals, hotels and a sports center. The latter has kept to this day an extraordinary swimming pool decorated with strong Art Deco murals. Zegna even built a 14-kilometer-long scenic route, the "Panoramica Zegna," which links Trivero with a new ski resort, Balmuccia. But it is in spring that the Panoramica is truly spectacular, its banks a solid blossom of hydrangeas.

"My father also planted 500,000 pine trees along that route," Aldo Zegna said in a recent interview.

Zegna started with quality fabrics — tweeds, cashmere, mohair and alpaca — and went into menswear and knits in 1970. They now have menswear factories in Spain and Switzerland as well as Italy. In Italy, Zegna also makes knits, ties and a small women's line.

Their empire is spread out, with 1,500 menswear retail outlets in the world, excluding Italy and Spain. They also control their distribution with offices in Paris, Düsseldorf, Barcelona, Vienna, Tokyo and New York. They opened a boutique on the prestigious rue de la Paix two years ago.

The Zegna reputation sprang from their search for the most exquisite wools, which 20 years ago led them to create a Zegna award — a gold medal and a Graham Smith and Co. lithograph — given every year to the best Australian wool growers, whose production Zegna automatically buys.

The urbane Zegnag live in Trivero, in an old typical red house, the family seat on top of the hill, which includes a matchless view and priceless paintings and antiques.

—HEBE DORSEY



Models on the Zegna scenic route.



Krizia's leather pants and heavy wool sweater photographed at Bertrand's factory in Biella.



Models wearing ready-to-wear clothes at Zegna's Art Deco swimming pool at Trivero.

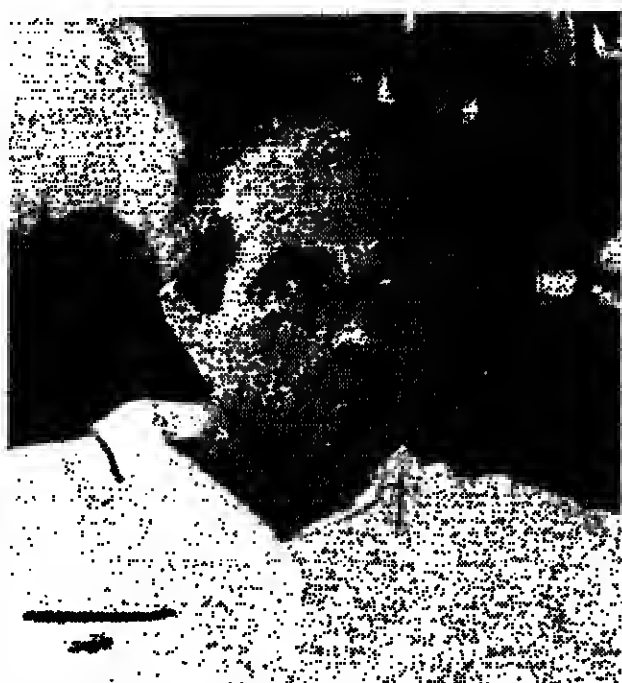


Aldo Zegna



## ITALIAN FASHION

## WOOL BARON



Giulio Bertrand at his summer home in Monte Marcello. It was built in a medieval tower and was decorated by Piero Pinto.

GIULIO BERTRAND's family name is a reminder that the wool baron's ancestors came from Verviers, Belgium, 100 years ago. "My great-grandfather, Gaspard, came from Belgium in 1880," he said during an interview in his Monte Marcello (near Spezia) summer retreat. "Remember, Italy was united in 1860, so my ancestor thought this was a new country with new opportunities. He started a spinning mill. Towards 1890, the family moved to Italy and started in Prato and in Biella a new activity in the commercial sector of wool and raw material. When his father, Mathieu, died, he closed in Belgium. The Italian sun won that war. In the 60s, we did a lot of synthetics, because they were in fashion, but nowadays synthetics account for only 20 percent of our production. The greatest change in the last 10 years is that we've had to drop cheap markets, which had to be left to underdeveloped countries. They can do it much better. One cannot ignore that. In Europe, in order to survive, we have to create complicated, difficult, sophisticated things. That's what our culture is all about." Today, the \$100-million Bertrand Group is diversified and includes real estate, which accounts for 30 percent of that figure. But Bertrand's heart is still very much in the wool business, and just like his great-grandfather, he is always looking into new lands. In 1975, he opened a wool factory in South Africa with local partners. "We are doing there what we did in Italy 10 years ago. Fashion dies so fast that one needs to do some recycling," he said. He would like to open in the United States and the Far East. He exports to 40 countries, especially Western Europe, the Middle East and the United States. When he is not in Biella, Bertrand is an ardent sailor who takes off twice a year on a sailboat for 40-day cruises. His latest trip, from end of July to end of August, took him to Tonga and New Caledonia.

—PROFILES BY HERB DORSEY



Sergio Bini at the factory.

## PRINT STORY

COMO — Bini printed silks are famous among fashion designers. Chloé's designer, Karl Lagerfeld, is one of their best customers and works closely with Sergio Bini, who said: "We did the Memphis print for Chloé." Bini has an \$18-million business and exports 60 percent of his production. "Our best market is France," he said. "I started making prints in 1966 and it worked so well I am almost exclusively into prints now." Away from the madding crowd, Bini, who believes in the virtues of natural surroundings, works from an ultramodern, 15,000-square-meter factory set amid lush fields outside Como. One of his newest and favorite themes is a Gauguin print, which is also one of his best sellers. "Daniel Hechter made pants out of it," Bini said. Highly organized, Bini, who puts out 600 new designs a year, keeps a complete library of his work, with no fewer than 4,000 different patterns. "I have abandoned couture," he said, "and deal mainly with ready-to-wear designers — Lagerfeld, Covi, Cacharel."

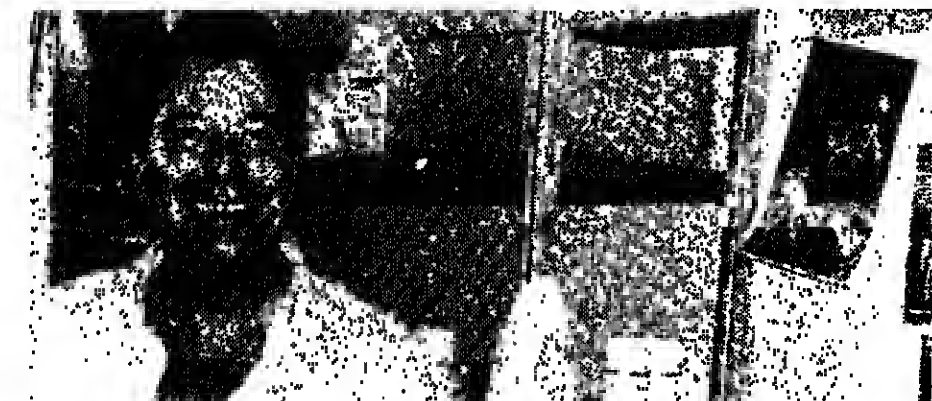
## INVENTIVENESS IN SILK

MILAN — With a \$27-million business, Etro is synonymous with silk in inventive prints. Gimmo Etro has supplied a roster of talented designers — a prestigious potpourri that includes Saint Laurent, Valentino, Ungaro and Dior as well as Montana, Kenzo, Versace, Ferre and, in the United States, Perry Ellis, Ralph Lauren and Oscar de la Renta. Besides Armani, Versace and Ferre, he also works very closely with Ungaro. "We do a lot of research together; he is very interested in fabrics," Etro said. This, for a change, is not a family business, and Gimmo, one of four children, dropped an architect's career to start it 13 years ago. He designs a collection of 150 patterns a year and also works a lot with Lancetti, whose main talent is in fabrics research. With three in-house designers and two outside, Etro keeps inventing new patterns. With rare candor, he admits

buying a lot from Lyons. "We start from old designs and everything comes from Lyons. They have fantastic archives. Their best years were the 20s." He also goes to Venice, to Fortuny's house on the Juddica. "Sometimes, we run into trouble when some patterns get too complicated, too expensive to repeat," he notes. Etro has recently started a home furnishings department, because he feels, like Bertrand, that fashion dies fast. "After one year, it looked as if everything we did was going down the drain," he said. His first contribution, on the market this fall, is a large paisley collection, patterned after his own collection of antique paisley shawls. Bearded and handsome, the fortyish Etro is typical of the elegantly relaxed Italian, whose passion for Art Deco is carried into his offices, scattered with Dunand screens and Loie Fuller lamps.



Gimmo Etro in his Art Deco office in Milan.



Francesio Pellatti at his leather factory.

## PELLATTI LEATHER: \$9-MILLION TURNOVER

MILAN — Francesio Pellatti is the leather man behind creations — mostly bags and belts — signed Valentino, Roberto di Camerino, Laura Biagiotti and Mila Schön, as well as — but he is not supposed to tell — Chanel. He and his wife started a leather business about 15 years ago in an old building, a former glass factory that is 120 years old. The building is divided into several sections. On the first floor, he only does alligator belts, which consist of small bits but assembled together so carefully that you cannot see the junction. After launching his own line, Pellatti understood the value of a label and signed his first contract with Valentino in 1978. His business turnover is now \$9 million. He also does an alligator-only line for Renato Corta. Snakeskin and alligator account for 30 percent of his business. He is also launching a line of fake leather. He exports 65 percent of his production to Japan, West Germany and France.



The Mantoros at their Villa d'Este house.

## A \$100-MILLION FAMILY BUSINESS

COMO — Riccardo and Maria-Grazia Mantoro live right on the grounds of Villa d'Este, overlooking the lake of Como and one of the most romantic hotels in the world. "Ten years ago, we had the good fortune of finding this house, which belongs to the Villa d'Este," said Mantoro, the silk baron. "With three children, aged 12, 18 and 20, we couldn't dream of a better spot. Here, they have free access to the park and the pool." Mantoro's factory is nearby. "We start with Chinese silks and create our own fabrics," he said. A family business, his company is 85 years old. "It was founded by my grandfather, Riccardo. My father, Beppe, kept it going and I am one of eight children, six of whom work for the company." Mantoro, who specializes in prints, said 80 percent of his \$100-million business is built on ties and scarves, which he makes for Chanel, Dior, Grès, Gucci, Galitzine and Celine, among others. "We also have 45 people working for us and a little ready-to-wear factory, which we use to test the market." Mantoro said his best customers are the deluxe ready-to-wear designers, "but we get advertising support from couture designers such as Valentino."

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# ITALIAN FASHION

## TOPS IN SILK

ROME — A man of few words, a loner with very clear ideas, Giampaolo Porlezza, known as Taroni, is number one in the world of silk. He always wears a gray suit, cut in a way that has earned him the sobriquet of the "Mao of the fashion world." There is something very special and authoritative about him that tailors, designers and fashion creators recognize at once. Quality for Porlezza-Taroni is not where you get it, it is where you start. It is like saying, there is not anything else if you mean to leave a mark on the history of fashion. The reserve is all surface. Porlezza-Taroni has given his whole heart to fashion by way of this raw material. He would be the last to say so, but his material has an enormous influence on the finished creation. Whether he provides a stiff silk or a soft one, say, he cordially obliges fashion creators to think again. His desires are soft-spoken, but they command full attention. At the same time he provides designers with enormous satisfactions. A few years ago, for example, he furnished Valentino with a delicately shaded silk satin, so heavy it was almost greasy to the touch, a satin no one else could produce nowadays, a kind of *divertissement* that 18th-century courts would have reveled in. He is another nature lover and the only industrialist to turn a private hobby into another marvelous business, aromatic plants and herbs. Taroni Agricola supplies gardeners and farmers with rare varieties of herbs and plants. He is an indefatigable traveler — he loves art, the elegance of the East and a certain style of life. He is a citizen of the world, at home everywhere. He has always been convinced that creativity knows no boundaries and that no genius has ever been lost to the world. He has never suggested placing money on anyone, but he has never had an eye for a loser either.

—PIA SOLI



V-DAY FOR VALENTINO: New York has become something of a fashion mecca, thanks to Diana Vreeland, who put the Museum of Modern Art on the fashion map with her annual retrospectives. The latest designer to experience a show at the Met was Valentino, from Rome, for whom the evening of Sept. 19 was a red-carpeted, black-tie V-day. In front of 1,000 people, Valentino first showed his couture collection (the same

seen in Rome last July) then had 200 guests for dinner. The crowd included the top fashion plates from Europe and the United States. It was a triumphant evening for Valentino. Above, left, Valentino and friends in ruffles: left, Doris Brynner, right, Giorgia Brandolini. Right: The Valentino show on the steps of the museum.

## ART IN WOOL

ROME — His name is Agnola. He is known as Francesco Ilorini Mo, an artist, a researcher, a student of mores, customs and traditions that are unknown to those who gaily consume the refinement of his products. There is nothing he does not know about China, Mongolia, Peru, South Africa and Australia, the lands where the animals live and graze that provide him with his superb noble fibers. He has gone back and forth across those lands drinking deeply of the pleasures and pains, the adventure and coincidences. Francesco Ilorini Mo knows everything about animals — he considers them his own. He has lived with them for months and months, willing to learn all he could and all there was to learn. People in fashion the world over know that the best in wool is signed Agnola, and they stand in awe of the fabrics that man makes beautiful with a taste that has something of the eternal about it — fabrics that fully respect the fleece of mohair kid, alpaca, merino and the sheep that furnish cashmere, the sheep in the highlands of Kashmir and Mongolia. Agnola is one of the pillars of Italian fashion, surely the most original figure in the realm of international fashion, with a profound knowledge of raw materials, a man who is hopelessly in love with nature, its laws and its resources. Agnola does not stop at fashion. For some time now he has been involved in decorator fabrics in collaboration with such leading artisans as Cassina and Sormani and Knoll International. The fact that "it takes a qualified Australian shearer 30 seconds to shear a sheep, and a lifetime is not long enough to wear out the fabric" is something that Ilorini Mo takes pleasure in observing. His unbounded passion for nature accounts for his preference for natural, untreated colors — his offwhites, untampered with, and his straightforward browns and blacks are famous — you can recognize them at sight. He has recently put the finishing touches on a flower-scented "Agnola" perfume for women. He also has a strong and special scent for men that he reserves for his friends and acquaintances. Agnola fabrics inhabit the world. "There's a new thirst in the world for refinement, and true refinement is undoubtedly to be found in nature," according to Agnola. For more than 30 years he has been proving the truth of that remark.

—PIA SOLI



## STYLE IN VENICE

Two of Roberto di Camerino's new creations are photographed against the exotic Venice landscape. At left, her multicolored sweater and silk pants. At right, detail from a hooded cape.



## VALENTINO



testo di  
André Leon Talley

♣ Franco Maria Ricci ♣

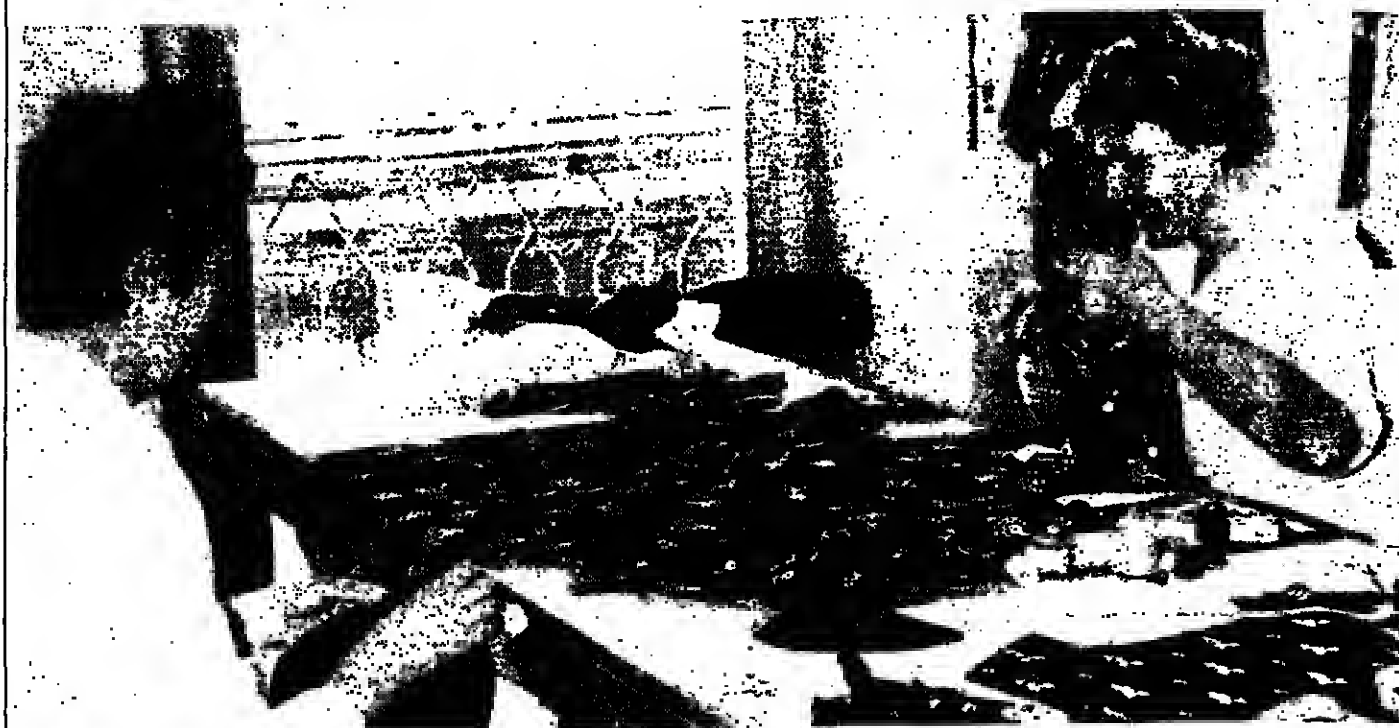
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## ITALIAN FASHION

LUCIANO  
SOPRANI

presents his 1983 Spring/Summer collection  
at Centro Sfilate Fiera di Milano,  
on Wednesday 6th October 1982 at 12.15.



Artisans preparing Milla Schon's Rome collection.

## Textiles Capitals Played Role in Industrial History

(Continued from Page 55)

few employees. Both, to some extent, rely on "commission" jobs, that is to say, they farm out work to smaller outfits that have become highly specialized in one area only: carded and combed wool spinning, doubling, dyeing, finishing or craft weaving. So the material does what you might call a sightseeing tour of the town, on its way back to the purchaser mill, which packs it, ships it and shoulders the burden of responsibility for orders, exports and imports, currency risks and market problems.

In September 1978, Prato launched its first trade fair, Prato Espone, to present its textile output. It takes place twice a year and its purpose is to improve the image of textiles produced in the area, so that "Made in Prato" fabrics, which were originally only regenerated wool, might finally be placed on the same level as Italy's other textile industries.

But Prato Espone is only one of the recent additions to the calendar of Italian textile events. For years and years — to be precise, from June 1957 to November 1974 — the textile show was Mitam. Organized by the Centro Italiano per la Moda, it is held twice yearly in the Palazzo del Tessile at the Milan Trade Fair. Mitam deserves credit for linking textile manufacturers, high fashion and clothing manufacturers operating on a national and international scale.

Later, in May 1975, the success of ready-to-wear and the urge to display Italy's textiles in an equally professional (but undoubtedly more prestigious) setting, induced

leading manufacturers to think up another high-quality event. Exhibitions were selected by invitation and the show was named Ideacom. It takes place in November and May of each year at the Villa d'Este, on Lake Como, Cernobbio. This enterprise became so successful, also with both local and foreign markets, that in 1977 it took a further step by starting an identical show for men's fabrics: Ideabella. This is to be held, again twice a year, one month before Ideacom.

With such important and distinguished precedents, traditions and shows, Italian textiles, quite naturally played a decisive role when the "Italian look" came into the limelight. Even before 1950, a number of our silk and wool manufacturers were already very much in demand by the stars of Parisian high fashion.

"But the sales mechanism was quite different from the present one," says Giampaolo Porlezza, owner of Taroni and former vice chairman of Ideacom. "The textile market used to be in the hands of the *carnetisti* — the most famous were Sanel, Sassi and Satam — who called on fashion designers, their carnets crammed with samples that manufacturers gave them to sell. And at that time, to get a 'style' into the Italian high-fashion collections was a big help when it came to selling fabrics in America. There were about eight of us, at the very first fashion shows at Palazzo Pitti. We had small stands and heavy suitcases packed with swatches in the wings. But we were already selling to Americans."

High fashion, that fantastic

showcase for our finest textiles, soon gave way to ready-to-wear. In discussing the trend, Sergio Bini, owner of a leading Como company that made a big hit, as he said, in the wake of a "first-rate styling job," said:

"For my company and for others like mine, handling the ready-to-wear market involved a major upheaval. After resolutely abandoning *carnetisti*, wholesalers and retailers, I switched to direct dealing with fashion designers and garment manufacturers. This involved a radical change in business planning, considerable guts and a strenuous investment in raw materials, but also a development to more than 10 times our size in the days of high fashion. Today, it's not enough to have good textile collections; you have to have a brain with compartments, in which one section works as designer, one as industrialist and one as director."

One of the snags in the Italian fashion mechanism is the dealings between textile manufacturers on the one hand and the ready-to-wear makers and designers on the other. The former accuse the latter of ordering pieces only when they have closed orders for styles received from buyers, thus narrowing down the textile production deadlines to the extent, at times, of making it actually impossible to complete the work (with the usual consequences of delays and, possibly, of canceled orders).

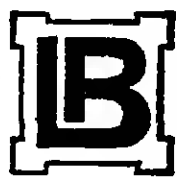
The designers and garment manufacturers accuse the textile companies of wanting to get their fabrics into too many collections, with

the result that they cannot keep up with the pace of deliveries.

Sergio Bini has a proposal: "To gradually bring the dates of the collections forward until we are 15 or 20 days ahead. This is a sufficient margin for us to get through our deliveries and avoid overlapping seasons. To be ahead, but not with the outsiders who sidestep off-track on corners, because a dangerous game is being created. Two or three big names in ready-to-wear (for the moment, foreigners) are beginning to sell their collections two months before the others and are favored by the buyers' 'virgin budget,' which brings them colossal sales. So what happens? The rumor spreads, and now everybody is rushing to get in first with their sample ranges, with the result that soon everybody will be back on the same starting line. And so the buyers' budgets won't be intact any more."

Giampaolo Porlezza is more polemical on the subject. "It's true," he said, "that many textile manufacturers make the mistake of never being satisfied, of wanting to get too many customers, and often, of working beyond their productive capacities. Everybody can't be big. On the other hand, the designers and garment manufacturers are partly in the wrong as well. Instead of putting their money back into the industry, buying fabrics ahead with the idea that they'll use them in later collections, they fill their houses with Art Deco collections purchased in a day, and in their gardens are Hollywood-style swimming pools. I'd like to see more balance in the fashion business."

## Laura Biagiotti®



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## Hand-Knit Sweaters From a Countess

American-Born Shirley Caracciolo di Forino Heads Thriving Cottage Industry

By Marie-Louise Scio

**TODI** — "All my friends are laughing at me" says the slim, gray-haired American-born beauty, Countess Shirley Caracciolo di Forino, referring to the recent onslaught of publicity that depicts her as a wealthy socialite.

"I want people to talk about my hand-knit sweaters not the pale and palazzi and parties that news writers envision," insists the middle-aged head of a thriving cottage industry in central Italy.

The countess says her life is very simple and certainly not filled with *paparazzi*. "No fuss, no frills," has been her motto since she left her busy life in the heart of Rome as a housewife and mother of four for a saner way of life in Todi, 130 kilometers north.

"I moved seven years ago because Rome had lost its charm, and my youngest son, then aged 10, was returning from school with eyes smarting from the tear gas bombs that were being hurled around the neighborhood at that time," she recalls, with a hint of sadness in her soft voice.

## Mores to FHN Towa

After dividing their apartment at Piazza Navona in two, she blessed the forthcoming marriage of her eldest daughter, Lisa, to film director Roberto Rosellini's son, Renzo, settled her second daughter into part of the apartment and saw her next child graduate from college. Leaving her older children happily on their own, she moved to the sparsely inhabited hill town of Todi with her husband and young son.

Seeking a saner way of life, Shirley and François hunted for an inexpensive abandoned farm complex that they could restore and ultimately retire to. Daring back and forth between Rome and Todi they found a 17th-century farm

and began the tedious job of converting former stables into a new home.

"There was no central heating so I began to knit sweaters to keep warm, and after some friends admired them I asked a local woman to give me a hand; this is how my business began," explains the handsome woman while sitting under an oak-beamed ceiling teeming with glistening copper pots and pans in her heart-of-the-home kitchen.

That was back in 1974, when Shirley Nee Howell, daughter of a prominent New York physician, began to round up some of the unemployed local women who spent their lifetime knitting for their own families: she taught them new stitches and now has 50 workers who spin out hand-knit sweaters for America's most exclusive stores.

## Meets With Buyers

When Lisa worked in New York after graduating, like her mother, from Sarah Lawrence College, she suggested that Shirley go to Bendel's to see the buyers. "I thought it seemed silly as I only had Lisa's sweater and the one I was wearing. But we went and saw Jeannine Weller and her assistant, who is now vice president, Jeanne Rosenberg. They were so enthusiastic they encouraged me with a small order," says Shirley, who vividly recalls the wide-sleeved sweater with lacy knit-trim collar and cuffs she wore for the appointment.

Although she only had a few orders from the exclusive New York store, the buyers' enthusiasm pushed Shirley to return to her bucolic life in Todi and enlarge her small business. She filled the initial order and then set out to create three lines — winter, spring and resort.

"The area is impoverished and it was important for my girls to have

work year round, so that fact made me do three lines immediately so they could have year-round work," she says. Shortly after Mary McFadden asked her for some of the intricate pattern knits.

"It was very exciting to work with Mary McFadden, but when I saw full-page color ads of my sweaters in the Sunday Times, Harper's Bazaar and Vogue I decided it was time to work just for me," she said. For her, seeing those ads was like adding kindling to a flame.

The fall of 1980 and the impending marriage of her daughter to Renzo Rosellini caused havoc in the family. Photographers and journalists were always there, and their daily life became a nightmare. "I went into hiding for six months because I hated the publicity so much," the countess said.

When she emerged from hibernation she returned to her growing business to fill more orders from Bendel's, Bergdorf Goodman and Elizabeth Arden's in New York. Saks and Jandel in Washington, Swanson's in Kansas City, Hattie's in Detroit, and Grace Jones in Salido, Texas.

Since then it has been all go. "Her girls," as she lovingly calls her workers, arrive at her farm by 8 A.M. After she designs and makes the new models, Shirley teaches her women how to re-create sweaters in different sizes and colors.

"It's wonderful. We sit, work together and learn about the frost, when to plant wheat, and they learn about the new stitches. We

teach each other" notes the countess, who traded her Sutton Place apartment, her Brearley and Sarah Lawrence credentials, a career as a model and the makings of an art historian for the country life.

Dressed in one of her lattice and gate-stitch knit cardigan jackets, plaid skirt and silk blouse, Shirley Caracciolo casually begins to chop celery, tomatoes and garlic on the marble slab table — the same table where she rolls home-made pasta for friends — as she continues to chat about work and family life.

"We first lived in Puglia (southern Italy) on my husband's family estate," says Shirley, who helped her husband manage a large working farm and vineyard. In between raising four children, she wore rugs and carpets. The large working farm was overtaken by the state and is now, as she notes sadly, a state-owned agricultural school. The family then traded their bucolic life for the frenetic pace of the industrial north, Milan, where the attractive and energetic young bride became a consultant for the large pharmaceutical firm of Carlo Elba, where she did packaging design.

Thus, Shirley Caracciolo became an Italian businesswoman by a circuitous route.

"I don't want to become too big. There is so much room for invention in the knitwear field and, contrary to public opinion, it is not a dying art. My girls realize it is profitable and are paid for their value. If business gets too big we will lose quality and control," she says, walking back to her house past some sheep.



HEBE DORSEY is the fashion columnist for the International Herald Tribune.

MARIE-LOUISE SCIO is a free-lance journalist who works for United Press International in Rome. She is also the European fashion editor for the South American edition of Harper's Bazaar.

PIA SOLI is the fashion editor for Il Tempo in Rome.

ADRIANA MULASSANO is a journalist on the staff of Corriere della Sera in Milan. She is the author of "Who's Who in Italian Fashion."

The New York photographs in this supplement are by CHARLIE GERLI. The Italian photographs are by JOE DORSEY.



# ITALIAN FASHION



DESIGNERS AND ENVIRONMENT: Left, Versace and two of his collection items. Right, Roberta di Camerino and Adalberto Sansone boating to work in Venice.

## The Art of Living

ROME — The Fendi sisters have moved their showrooms into the ornate Palazzo Ruspoli in the capital, at the end of the fashionable Via Condotti. That is where they show their collections in a plush decor — red velvet settees and crystal chandeliers. But their most prized possession is the painted portrait of Mama Adele, founder of the Fendi empire, greeting you at the door.

Gianni Versace's own hideaway is a marble-floored, 18th-century, neo-classical villa outside Como, full of 19th-century mahogany, Adam silver, Russian crystal chandeliers and Aubusson rugs.

That is where he escapes on weekends. "I love to look at the lake," he said. "I do my best work," he added, "in the peace and quiet of this beautiful house."

But this "beautiful house" also serves a purpose, and Versace makes it pay. He did get worldwide headlines when he combined a house-warming with the launching of his first perfume, and he keeps getting publicity as his house

is being reviewed in every other decoration magazine.

When a West German television channel asked for a lengthy interview this summer, Versace made sure it took place at his villa.

Versace is wild about staves, which he puts everywhere, on walls, mantelpieces and even in his bathroom, which also sports a huge Chinese rug.

Roberta di Camerino, who has been compared to a volcano in perpetual eruption, has just finished regrouping some of her operations (stocks, workrooms and distribution) in Mestre, an industrial town outside Venice. But her headquarters remain Palazzo Zen, a 15th-century palace on Canale dei Frari, which she acquired 10 years ago. That is where she and her executive vice president, Adalberto Sansone, control her \$45-million worldwide operation from sophisticated computer rooms.

That is not her only palace. She has a second one, Byzantine this time, where she has her designing studio. She also owns a whole little island, La Polveriera delle Vig-

nole, where she gives fashion shows in an outdoor theater.

Camerino, who started working in 1947, almost as a hobby, was an early Neiman-Marcus award winner in 1956 — and last month in Dallas Neiman-Marcus celebrated their 75th anniversary by rounding up all their nominees (about 15) on Sept. 11. Neiman Marcus asked each of them to produce a doll dressed in one of their creations.

When Marinella Mandelli works on her spring-summer Krista collection, she moves to Il Bosco, the family summer retreat 20 miles outside of Milan, which she has owned since 1971. It is simple, modern and uncluttered — four rooms, four baths and a swimming pool — with a Japanese sparseness about it.

"This is an outdoors house," says her husband, Aldo Pinto, "and that's why we wanted it quite different from our Art Deco Milan apartment." Every summer, the Pintos move to Il Bosco, so called because it is located in the

middle of deep woods. Mandelli takes two of her closest assistants — she has six — along. While her husband commutes every day to supervise their factories and generally manage the business from Milan's head office, Mandelli and her team put the fashion collection together. They work in an attractive, well-lit, garden-surrounded studio, which has its own entrance.

Mandelli has just worked out a new arrangement with Bertrand Fila (which emphasizes the close relationship of Italian designers and industrialists.) She has designed Bertrand's collection, called "Fantasia Bertrand," in exchange for a fee and worldwide advertising. That collection was recently on show at Florence, at fashion fair "Pitti Fila," where other designers also showed their collections, designed in collaboration with other textile tycoons. Among them were Ferré, Versace, Missoni and Armani who work respectively with Donati Jersey, B.M.I.V.A., Cross File and Linea Pittu.

— HERB DORSEY

## Biagiotti: The Fashion Workhorse

GUIDONIA — The concierge at New York's Mayfair Hotel is looking for the key to unlock Laura Biagiotti's favorite room. It is difficult to explain that her friend Uri Geller bent it.

Laura Biagiotti keeps the unmissable crooked key in her home-cum-office complex, a recently restored 12th-century castle just 15 miles from the heart of Rome.

The dynamic head of her own multimillion-dollar fashion business, Laura believes in psychic and metaphysical powers — she even possesses some. It was her extrasensory perception that directed the search and ultimate purchase of a derelict castle, stables and convent complex, which after extensive renovation, yielded a series of priceless Renaissance frescoes and Roman reliquaries.

"I always had a feeling that this was my dream house, and it contained hidden treasures," says the one-time archaeology student, who spotted the abandoned complex of Castello Marco Simone years before it was up for sale.

"I think being a fashion designer is also a psychic experience; you are dealing with the future, which is a result of the past," explains the 39-year-old Biagiotti, dressed in the identical white linen A-line "doll dress" that prompted Geller to seek her out.

Geller, thumbing through Linea Italiana, stopped at a photo of Laura, struck by the feeling they had been lovers in another life. Instead, Biagiotti thinks she may have been a nun. Putting their differences aside, they met in New York during the reopening of Bonwit Teller, where Laura has an in-store boutique.

"Uri came to the hotel and after bending my key asked if I would sit on the other side of the room and sketch. He duplicated my 10-

petal daisy 30 feet away," she recounts.

Fashion followers know that Biagiotti's cut-out, or intarsia, daisies are a recurring theme in her woman's line. But Geller did not.

"It was a very extraordinary experience, but I don't believe in ESP or telepathy or reincarnation," insists Gianni Cigna, president and co-founder of Laura Biagiotti Exports, who witnessed the phenomenon. Geller then took Cigna's complicated, Sub Aqua watch and turned it back four hours by crisscrossing his fingers above it — a simple feat that caused Laura Biagiotti to smile and Gianni Cigna to shake his head in disbelief.

While many people wince at the mention of psychic phenomena, Biagiotti finds it intriguing. Put off by local tales of ghosts in the castle and armed with the sensation she would uncover archaeological treasures, she was able to overlook the graffiti and bullet-riddled state of the recent Red Brigades hideout. But the time and personal sacrifice required to breathe life into the castle was enormous. For nearly four years, hordes of workmen and artisans descended on the ruined complex, and, under the architectural supervision of Maurizio Cagnoni, reconstructed the castle. While men worked from the inside, Biagiotti planted roots of orange and lemon trees and a series of huge white azaleas.

Decorating the 69-room castle and office complex took perseverance. Weekend jaunts to antique shops and auctions provided the avid collector with everything from perfume bottles to old lace to enhance her ivory tower.

One wonders why Laura Biagiotti wants so much space. She believes, as in the past, that family and work life should be united. In this traditional spirit she shares the castle with her own parents and

her 4-year-old daughter, Lavinia, and works in the adjacent building.

A Milanese, Piero Pinto, transformed the dilapidated stable into showrooms by creating a cool all-white environment, warmed by natural wood beams and doors. Huge picture windows frame the soft rolling countryside.

"I love the color white. For me it's not just a color for summer, it's a life-long color," says Biagiotti, walking through the showrooms now filled with six full racks of her summer 1983 collections.

"For me white is a feminine symbol. It means infants, lingerie, bed linens, home. It means wedding day. In each case there is a happy association," explains the first designer to use white year-round.

Biagiotti is best known for her pioneering use of cashmere. Between her women's line and her MacPherson's all-cashmere men's line she uses 1 percent of the world's total production of this elegant fabric.

"I think the world changed in the 60s. Women began to work, and men's designers proposed tight, structured clothes," she recalls.

She explains that she designs from the inside out "whereas many men's designers do not." "They can't," she adds. "Instead, they create exaggerated styles that make women look violent and aggressive. For example, last season's huge shoulders and long hemlines swathed the body in overpowering shapes."

Biagiotti's emblematic two-tiered full "doll dresses," accentuated by zigzag tucking, are the antithesis of the masculine style. However, one should not be deceived into thinking her soft romantic look is facile. Biagiotti is a mathematician in her precise detailing. Her characteristic concerti-

na tucking, zigzag pleating, knife-edged and pie-crust-pleated collars could drive her 85 workers crazy, but they are well-versed in how to turn out 60,000 perfect garments a year.

"Laura is extraordinary," says Lina Lee, the owner of a store on the fashionable Rodeo Drive in Beverly Hills, who sold \$300,000 worth of Biagiotti merchandise during the designer's two-day personal appearance in late August.

Romantic concepts might dominate her personality, but Biagiotti's hidden virtues include business acumen.

Brought up in the fashion world by her designer mother, Laura Biagiotti worked with bright stars of Italian couture — Roberto Capucci, Rocco Borocco and Angelo Litrice. Equipped with a knowledge of business and organizational skills, she headed for the mecca of American fashion — New York's 7th Avenue — and nestled into a slot in the rag trade to gain a better understanding of production. Such breadth of knowledge, ranging from design principles to complicated production problems, provided her with the necessary tools to present her first collection in Florence a decade ago.

Biagiotti is a workhorse. Already with 2 women's and 2 MacPhersons men's knitwear lines yearly, plus a complete range of accessories, this fall will see the debut of a Biagiotti-designed shoe line for Colonna.

If that were not enough, she recently signed a 9-year contract with Ellen Betrix, the oldest and most respected cosmetic firm in Germany. The white hand fragrance, "Laura," sold in a tower-like bottle that reflects the castle floor plan, was an instant success. Next year, her men's cologne will appear on the market, followed by cosmetic and beauty products.

— MARIE-LOUISE SCIO



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## ARTS / LEISURE



A 1902 pen and india ink sketch from the workshop of Emile Gallé for a carved console support.

## The Paris Biennale: Is There Art Under 35?

By Michael Gibson

PARIS — "We are subject to a very simple and obvious restriction," said Georges Boudaille, commissioner general of the Paris Biennale of Young Artists (under 35). "We can only show artists that actually exist!"

The Paris Biennale opened this week and runs to Nov. 14 — with hundreds of artists from 45 countries — in the Musée d'Art Moderne de la Ville de Paris, (11 Avenue du Président Wilson, Paris 16), the Ecole des Beaux-Arts, (14 Rue Bonaparte, Paris 6), the Institut Français d'Architecture, (6 Rue de Tournon, Paris 6), the Australian Embassy, (Rue Jean Rey, Paris 15) and the Pompidou Center, and the significance of Boudaille's observation was instantly apparent. The current Biennale is predominantly like the ruts left by the wheels of society, the expression of a mass-culture phenomenon in which the younger artists express youth's divorce from the symbolic language of the past and its disavowal of things as they are.

This disavowal, however, is not only an expression of something which is perhaps the most valuable aspect of youth — it is also the sign of a cultural hiatus comparable to the appearance of Pop Art, and for somewhat the same reasons. Pop Art, despite all the art school rationalizations that surround it, owes its success to becoming the cultural banner of a sector of American society that was achieving wealth and leisure in the '50s. This new class did not share, nor desire to share, the cultural values of the older rich who had turned to Europe as a guide and market place.

The debatable assumption that "art should represent reality" led to the conclusion that American



Oil by Jacek Szindziński of Poland.

art should represent the reality of America — the supermarket and the fast-food shop, the Brillo box and the beer can. There was of course room for a slightly perverse irony in all this, but Pop's success was really due to its appearance at a moment when a large body of new buyers arose and needed a form of decoration in their minds, homes or museums that proclaimed their new identity and imposed it on society.

Today's phenomenon is in some ways similar. There is a "new class" in Europe which has acceded to leisure if not to wealth. This new class represents yet another "vertical invasion," in the sense that Ortega y Gasset used the expression, and consequently a new arrival of barbarians.

"Barbarians" here is not a moody value judgment but a his-

torical reality. The ancient Greeks coined the word as a derisive imitation of unintelligible foreign speech. The barbarian is someone who does not know the language, and the new barbarians today do not simply reject the cultural language of the past. They are mostly unaware of it. Their reference is to a chaotic culture of their own, derived from urban life, television, and rock and punk music.

This is not entirely negative. There is a Pop culture vivacity that is not at all incompatible with the wealth of the past, that could very well treat it as an inheritance (rather than as a "heritage"). It is ironic, humorous and bright, but in its present form it is also decorative (for anti-decorative) and glib. Its best expression is in films (for instance, "Diva") and its main weakness in the field of art is a naive, or defiant, trust in spontaneity, as though unmediated free association could ever communicate anything — an assumption that reflects total unawareness of the historically defined nature of all communication.

**Obsessed Imagery**  
Looking at the narrative representational works that dominate the current Biennale, one cannot help feeling that the painters are obsessed by the imagery of film and television, its quick flashes of sequences and its occasional sequels that can occasionally make TV advertising entertaining. One can walk through the show as a whole and take in much of it as if each work were a fragment of a cinematic montage. As such every piece acquires a relevance of sorts, even if it is unintelligible on its own.

There are a few privileged moments that rise out of this amalgam. The rippled stone of the Argentine sculptor Pablo Garcia Reinoso; the vivid sculptures, covered with pure pigment, of Brito's Anish Kapoor (who was also in Venice this year), or, in a more playful vein, the imaginary fresco fragments of Jérôme Barattelli (Switzerland), the strongly colored constructions of J.E. Audat (France) or the impudent little assemblages of odds and ends of André Lécat (also France). Some artists refer to art forms of the past, but in that case the reference is only formal.

The Biennale on the whole reflects the current trend toward cultural slumming in which the established social class makes an attempt to blend culturally with the emerging class. The people who buy (or in some cases, who make) "bad painting" do not belong to

the social stratum that finds expression in it. "Bad painting" is the cultural (or anti-cultural) banner of people who cannot afford to buy it (especially at the manipulated prices at which it is being sold). But it reflects a sort of consensus on matters that have nothing to do with art and which find symbolic expression in art only at art's expense. The issues are rationalized social and economic, not aesthetic, although they are rationalized in the dialect of art criticism.

**Transcendence**  
This is by no means all. The deeper issue remains the so-called avant-garde's flight away from the vexed and unresolved problem of transcendence. This is the central issue of all art and it has been festering in the Western world for the past 200 years. The 19th century made various more or less felicitous attempts at a make-believe transcendence which, on the whole, gave art a bad name as a placebo for sentimental women. The problem is that without some credible form of transcendence, art is not able to present and illuminate the drama of human existence.

Mark Rothko, (who refused to be described as a religious) artist and who subscribed to no religion), was well aware of this issue, which is acutely present in his art. "The presentation of this drama in the familiar world was never possible," he wrote, "unless everyday acts belonged to a ritual accepted as referring to a transcendent realm." Since the archaic artist was living in a more practical society than ours, the urgency for transcendent experience was understood and given an official status.

Our secular society urgently needs to examine the question of transcendence in a secular perspective — but that question is repressed and covered up with much sociological talk. And this, in turn has created a self-confirming system in which works are more or less consciously according to sociological criteria (e.g. this or that artist is validated as a symbolic spokesman of homosexual demands), and the works, in turn, appear to substantiate the latent theory.

**Other Forums**  
The Biennale is also offering an abundance of other forums, installations, experimental musical instruments, cinema, architecture (sober and technical in presentation) and a wide variety of music.

Finally the United States, which is not officially present at the Biennale, will be represented after a fashion thanks to a technical curiosity, the Slowscan system, which translates an image into sound signals and sends it by phone during the Biennale. Those works will appear on a TV screen, be photographed on a Polaroid camera and hung with the rest in the museum.

## CBS to Include Notes

## On Its Cassette Liners

New York Times Service  
NEW YORK — The increasing popularity of recorded cassettes vis-à-vis discs has led to a decision by CBS Masterworks to include liner notes with all cassettes.

The practices of the industry have been widely diverse in this respect, and the CBS move may portend full acceptance of the idea that cassettes, which are at least as expensive as records, are just as deserving of having full notes.

## AUCTION SALES

## AUCTION SALE IN PARIS - NOUVEAU DROUOT

MONDAY OCTOBER 18, 1982, ROOM 5 at 2 p.m.

## MODERN and CONTEMPORARY ART

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## AUCTION SALE IN PARIS - NOUVEAU DROUOT

FRIDAY OCTOBER 15, 1982 - ROOM 1

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## A Trove of 600 Art Nouveau Drawings

By Souren Melikian

PARIS — Once in a while, the art market brings to light a previously unknown facet to an artist's oeuvre. The discovery of about 600 drawings from the workshop of one of the key French figures of the Art Nouveau movement, Emile Gallé, best known for his glassware and less so for his furniture, will be remembered as a landmark in the history of 20th century art and design.

The catalog of Sotheby's sale to be held at Monte Carlo on Oct. 24 hardly gives an idea of the revelation to be found in some of the clusters of sheets of tracing paper. They provide documentary evidence on the step-by-step progression of the creation of a work of art.

Hardly any drawings by Gallé or his assistants have appeared on the market and only a handful are preserved in museums — the Musée de l'École de Nancy in Nancy must have some, since it holds the Gallé archives but hardly any have ever been on view or been published. Studies for glassware, commode legs or marquetry tops were never intended to be displayed in the first place. There was a strictly utilitarian purpose. The finished product was the only thing that mattered to the creator, Emile Gallé, who designed them and ran his own workshop. Complete sets of working drawings handed over to the joiners and cabinetmakers, or used by the glassmaker, were assumed to have been lost or destroyed, as have those of most creators of Gallé.

**Showing How an Idea Emerges**  
In the sale there are three full sets showing how the idea of a piece of furniture emerged from the separate studies of shapes and ornamental details. If only for that reason, the discovery of the sketches would be of immense interest to art history in allowing us a glimpse into the backstage of creativity. Here we see, laid bare, the components which made up the

répertoire of Gallé. Sometimes, a single drawing is enough to disclose what can no longer be detected in a finished piece after the handling of the material has blurred the edges. In one batch of 61 drawings of vessels and decorative patterns, there is a sketch for a vase that faithfully reproduces the profile of an Iranian pottery type — the so-called albarelo — of the

## THE ART MARKET

12th and 13th century. The piece is set on a neo-Renaissance pedestal and fitted with a handle of naturalistic inspiration — twisted twigs coil themselves around the shape, one soaring high over the vase and curling down towards the front. In another vase sketch, a Chinese shape has been used — apparently the 18th century potter's interpretation of an archaic bronze model. This is a suitable reminder that the Far East — China and Japan — and the Middle East, essentially from excavated pottery had begun to reach European museums in the late 19th century, were the main sources on which Gallé drew.

**Artistic Perception**  
However, these are mere technicalities of art history. The truly remarkable revelation is of a different order. The working drawings disclose an almost unbelievable discrepancy between Gallé's aesthetic perception as evidenced by the studies of details, and the finished works of art. Gallé's vision appears to have anticipated the abstractionism of much later years. He would have been inspired by the growth, in which the naturalistic element is transformed beyond recognition. Curving shapes with a flame-like movement dart in all directions. Calligraphic strokes and careful shading intended to indicate volume show that these are not haphazard, oversized caricatures, but, on the contrary, carefully thought-out designs. At times, the drafts-

manship is dazzling. When drawing plants, Gallé had a knack for stylization that occasionally comes close to the genius of Far Eastern calligraphers-painters. On the other hand, there is often a Dürer-like hardness to some of his stylized twigs that almost look like bones. Nothing of this survives in the finished design for the piece of furniture of which these drawings were to inspire the ornament. There is a cabinet of which the overall drawing looks cramped, complicated, fussy. A photograph of the prototype executed after this design shows that the terminal product was still worse — unbalanced, inconsistent, with bits of vegetation springing out on every side — to put it bluntly, unspeakably vulgar. It is the drawings for the legs that are masterpieces, strokes like running water and as intense as the fluidity of an Eastern calligrapher. And there are many more instances of similar contrasts.

Here and there, full-blown compositions intended as models for figurative marquetry and panels confirm that Gallé could be a brilliant draftsman. There is a landscape that can be best compared to a little known but very great artist, Henri Rivière, a contemporary of Gauguin. Rivière did some extraordinary wood-blocks, very much under Japanese influence, that rank among the great works of the Pont-Aven school. Gallé's composition has that same precise yet light touch, delineating the contour of trees and birds, but skipping all unnecessary details. The trees spring out of the white page, without any indication of a ground, birds fly diagonally across the page as in Japanese painting and lacquerwork. The poetic feel is exquisite. The whole thing is both lighthearted and subtle — the very opposite of Gallé's belabored marquetry. Was Gallé a great painter who made the mistake of straying into furniture and glass-making? Once in a while his works of art come close to reflecting the aesthetic vision that was truly his — if we are to go by his newly-discovered drawings.

## U.S. and Chinese Writers: The Twain Meet

By Elizabeth Mehren

Los Angeles Times Service

LOS ANGELES — They were L. suits, sensible dresses and ties, signs of whimsy. Sitting stiffly around a horseshoe-shaped table, earphones for simultaneous translation hooked firmly in their ears, they looked like nothing so much as members of some nameless (but terribly important) United Nations delegation.

As they convened at the University of California, Los Angeles, there were polite nods of acknowledgment and careful, curious looks of inspection. With 11 of the United States' most prominent writers meeting 10 of their counterparts from the People's Republic of China, this was a lesson in real-life diplomacy; a meshing of ideas, information and inspiration.

Said Jerome Lawrence, playwright and creator, with Robert E. Lee, of such works as "Inherit the Wind" and "The Night Thoreau Spent in Jail," "For many years, people have asked me if my collaborator was not Chinese, since his last name is Lee, and I have said, alas, no. Today, with so many Mr. Lis in the room, I feel that I can say yes, because we are all collaborators."

And then Bob Lee himself chimed in: "I think we should prove that the pen is mightier than the Ping-Pong ball!" Norman Cousins, former Saturday Review editor, now a tenured professor of psychology and behavioral sciences at UCLA and organizer of this first conference of Chinese and American writers, noted that "the world is a geographical unit, but by no means a community. Writers transcend barriers, just by reasons of their own calling."

**Outsiders and Rebels**  
Writers are outsiders, John Hersey said, and they are rebels, "in the sense that they have cried out to us: 'Life should be better than this!' They are witnesses, Francis du Plessis Gray said. "As Joseph Conrad said: 'The task of literature is to render justice to the created order.' They protest, Lawrence said; they are explorers, the novelist Jiang Zilong said; they reveal in their dreams, the novelist Zhang Jie said. Writers are mirrors, the poet Li Ying said, of the era in which they live, and they "convey the feelings of people so as to enrage their readers."

Visiting China three years ago, Cousins spoke before a group of leading writers and publishers and proposed a cultural exchange. Organizer of five successful annual meetings of U.S. and Soviet writers, Cousins volunteered to arrange a similar gathering of Chinese and American writers, playwrights, novelists, essayists and editors of literary journals.

From the United States, there were Cousins, Annie Dillard, Allen Ginsberg, Gray, Hersey, Lawrence, Lee, Arthur Miller, Harrison Salisbury, Gary Snyder and Kurt Vonnegut.

In the Chinese contingent were names known well to their countrymen: Feng Mu, Wu Qiang, Li Ying, Li Zhun, Zhang Jie, Jiang Zilong, Fan Baoqi, Yuan Hengan, Liu Binyan and Chen Baichen.

At the opening, Salisbury recalled his childhood in Minnesota, "the so-called heartland of America," which has of course its equivalent in China. Lawrence, laughed at now, in the height of McCarthyism, "we tried to dig a hole to get to China in our backyards."

Hersey bravely began his presentation in Chinese, the language

he learned as the son of missionaries, born and raised to age 12 in Tianjin province. "Unfortunately," Hersey said, "whenever I strain for a meaning that is beyond the age of 11, I have to resort to English."

Feng, head of the Chinese delegation, a writer and editor of China's leading national literary journal, thanked his hosts, then apologized for his prepared text: "As a writer," Feng said, "there is nothing more painful than reading one's own speech."

**State of the Art**  
Feng sketched a portrait of the state of the literary art in China today. Stagnation and "ideological shackles" followed the Cultural Revolution, he said; today, "literature in China is its most flourishing period since 1949."

Though Cousins had been careful to stress that the three-day conference was to be strictly unstructured, each participant had been invited to pose the penetrating question — or questions — of his choice. Vonnegut had one: "What concerns American writers, is do we, in fact, have any influence at all? Here in America for 200 years we have been allowed to say whatever we want to, as loud as we want — and the politicians are wholly unafraid of us. So I would say that any society is foolish to fear its writers. It might as well fear its bankers."

Li, born in 1925, said he was banned from writing during 23 years of government repression in China. Chorused Chen: "China in the past 100 years was a country subjected to continuous oppression, so in the 1930s if a writer were not to consider the social function of his work, he would not have any impact on Chinese readers. I was a young writer in the 1930s, and I grew up under these circumstances."

Frozen from writing for years, Chen said, "in 1977, I picked up my pen again. China underwent a tremendous change. Today, people as old as I am are encouraged to write. In the past three years, I have written three plays and two film scripts."

But fate intervened. Among contemporary Chinese writers, Jiang's readership in his country is by far the widest. His stories deal with what he calls economic explorers, and more these days, with industrial explorers. And one story, one he chose to mention to his fellow writers at UCLA, deals with "the

people of all colors" of the world. "Life should be a rainbow," Jiang said, quoting from that tale, "resplendent to all its various colors."

Explorers, yes, writers are also escapists. "I myself," Gray said, "had all the ideal precursors for being a writer, in the sense that as a child, I was absolutely miserable." Later, Li Zhun would occur, revealing that as a child he wrote "because of course I was very fat, and they called me Water Bucket. I Li could escape with his pen, he was saying; he could go anywhere, be anyone he wanted. As Gray would say, "It is the search for otherness that makes us write."

"You are my brothers," Vonnegut said, "because you are writers. You may perhaps be closer to me than my own brother, who is a physicist." Writers have family all over the world, Vonnegut said, "and once you are in the family you cannot get out of it."

"We are all writers of books," Li said, "and we are also books in ourselves. We are each a book. And my interest in you far exceeds my interest in the books that you have created."

As Cousins had said, introducing the conference, "Our main purpose is to get to know each other. Our hope," he had said, "is that as a result of this meeting we can perhaps engage in that kind of discourse which is normal for all writers in all places."

"The United States and China are at two extremes of the earth," Li Ying said. "But in fact we are neighbors. If we open our windows, we can hear Beijing's bells. And there, the people of Beijing can see the lights of Los Angeles."

Dreaming of those lights, planning for his first trip to the United States — to Los Angeles, home of the movies, the glitter and the glamour — Feng said he had envisioned a tropical city. "And so I was surprised," he said, "to find the temperature and the skies rather like Beijing."

Feng closed his eyes the briefest moment. "America," he said, once again through his translator, "is still a mystery in my mind."

## The Marine Painters Have Landed

By Max Wykes-Joyce

International Herald Tribune

LONDON — The great tradition of English marine painting was inaugurated in the second half of the 17th century by two Dutchmen, father and son both named Willem van de Velde, who set up a studio in Greenwich under the patronage of the king. The National Maritime Museum celebrates the tercentenary of their establishment in England with a major exhibition of their work in the Queen's House, a building in which they once had studios.

The van de Veldes evolved an excellent division of labor. Father, in his broad-brimmed hat and cloak, caused himself to be carried even into the thick of battle in a small sailing vessel to make innumerable sketches that his son, who was undoubtedly the better of the two at oil painting, worked into large, impressive pictures. This delightful show also includes work of subsequent marine painters, including Turner, who were influenced by the van de Veldes, and a reconstruction of their studio.

The Art of the Van de Veldes, National Maritime Museum, Queen's House, Greenwich, to Dec. 5.

Marine influence is still to be seen in the work of three contemporary British painters. Peter Wright, whose current show is his first in London since 1968, lives on the Isle of Wight; in this selection of recent paintings he concerns himself with the linear rhythms of sea and land, as exemplified in the west coasts of Scotland and Wales, the shores of the Isle of Wight, and the opposite Dorset and Devonshire coastline of the mainland.

Derek Southall, long known as an abstract painter, in his recent work reverts to landscape painting of a synoptic kind, or, as he says in his catalog introduction, "epiphanies, not records." These landscapes, evoking memories, include images of the Wessex cliffs and the River Avon near Bath. All demonstrate "what we, the English, do best": that is, create poetic landscape.

The recent paintings of Britain by David Gentleman are, on the other hand, records rather than epiphanies. This is only proper, since many of the watercolors were made to illustrate "David Gentleman's Britain" (Weldon & Nicholson, £12.50) a 10-section record of modern Britain with 350 color illustrations and more than 100 in black and white. Gentleman's previous exhibitions have been devoted to India, East Africa and the central Pacific, but he has never made more telling paintings than these of his native Britain. Island Landscapes by Peter Wright, Alwin Gallery,

9-10 Grafton Street, to Oct. 7; Paintings by Derek Southall, Nicola Jacobs Gallery, 9 Cork Street, to Oct. 13; Recent Paintings of Britain by David Gentleman, Mercury Gallery, 26 Cork Street, to Oct. 16.

Many British landscapes restrict themselves to quite a small area. Michael Brockway's new watercolors portray with great delicacy the villages and gently undulating terrain of the Cotswolds. As a Cotswold myself, I can vouch for the artist's sympathetic understanding of this only slowly-to-be-discovered world.

Liam Hanley confines himself to an even more delimited cumbrian theme, titling his exhibition "Two Square Miles." This is the area of five fields in Hertfordshire that have been Hanley's continual study since 1974 and on the theme of which he created three earlier series of paintings. This latest series is a distillation of all that has gone before. "Like sculpture," Hanley says, "the land can be looked at time and again from many angles and still produce surprises."

Watercolors by Michael Brockway, Grafton Street Galleries, 17 King Street, St. James's, Oct. 6-16; Two Square Miles by Liam Hanley, Thackeray Gallery, 18 Thackeray Street, Kensington Square, to Oct. 15.

Sculpture full of surprises is the core of "Nick Johnson's Farmyard." For six years Johnson lived on an isolated East Anglian farm; more recently he has worked in Nigeria, where Benin sculpture manifestly influenced him, though he works in veneered woods rather than in metal. Each beast and bird is an individual, life-size portrait. This first one-man show has two large paintings, as well as watercolors, pen drawings and oil sketches related to the sculpture.

Nick Johnson's Farmyard, Browse & Darby Gallery, 19 Cork Street, to Oct. 16.

Though belonging, in my view, to the history of public relations and self-advertisement rather than to the realm of art, more than 40 kinetic constructions and machines by Swiss-born Jean Tinguely are being given an airing at the Tate. The show includes related drawings, photos of "happenings," of which Tinguely was a pioneer, and manifestos of the New Realist group, of which he is a founder. A complementary show of recent drawings is at the Anne Berthoud Gallery.

Tinguely Sculptures and Machines, Tate Gallery, Millbank, to Nov. 28; Tinguely Sketches and Sculptures, Anne Berthoud Gallery, 1 Langley Court, Covent Garden, to Oct. 16.

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TURSDAY-SUNDAY, OCTOBER 2-3, 1982

## ECONOMIC SCENE

By LEONARD SILK

### Patience With Reaganomics Wears Thin in Roanoke Valley

MARTINSVILLE, Virginia — These are gorgeous days on the slopes of the Blue Ridge, with the laurel and the wild azaleas just starting to feel the breath of fall. But in the industrial towns of the Roanoke Valley, the gloom is so thick you can cut it with a buzzsaw.

The businessmen of this area, especially the manufacturers of furniture, kitchen cabinets, hardwood flooring, mirrors, corrugated containers, mill work and factory-out homes, are in the worst slump most of them can remember. Conservative supporters of President Reagan, they are asking what went wrong and when the slump will end. The reports of a drop in August of 0.9 percent in the index of leading indicators, and the record 703,000 in initial unemployment claims during the week ending Sept. 18, can only add to their worries.

One of the troubled ones is Wilbur S. Doyle, founder and president of Doyle Lumber Inc., who is no backwoods Rabbitt. He serves on the U.S. Treasury Small Business Advisory Committee and the Small Business Council of the Chamber of Commerce of the United States, and has been an adviser to Virginia Polytechnic Institute, Farm College and Wake Forest College.

While still sympathetic to Mr. Reagan's long-term goals, Mr. Doyle has growing doubts about the execution of the administration's policies, saying, "The timing of the tax cuts and tight money had to be a factor in this recession."

He feels that before the tax cuts could give the economy a lift, tight money knocked it on its tail. Doyle Lumber's sales are tied closely to housing, and he blames the administration's mix of big deficits and tight money for the high interest rates that have eroded house sales. He says the drop in housing has cost at least a million jobs and has cost the federal Treasury something like \$25 billion to \$30 billion.

"The administration has nothing in place to change the unemployment outlook," he says, contending that if the rise in real gross national product is no better than 3.5 percent next year, as most economists expect, "we will still be looking at something in the range of 9 to 10 percent unemployment." And he adds, "The most serious trouble spots for housing and furniture are those with the highest unemployment, such as Birmingham and Detroit."

He wonders what level of home mortgage interest rates will be necessary for housing to take off again and asks, "Is there anything magic about a 12 percent rate?" The national average is still close to 16 percent. And Mr. Doyle says he is baffled by real interest rates — the spread between market rates and current inflation — is so great. If the prospect is now for 5 to 6 percent inflation, as many economists contend, real mortgage rates are still running close to 10 percent, three or four times their historic average.

The demographics of housing remain strong, Mr. Doyle says, noting that 800,000 units a year are demolished or abandoned, while many young families are looking for homes but cannot afford them. The weak economy, high unemployment and fear of unemployment, reduced real income for consumers and the sickness of mortgage rates are all keeping housing from having a strong recovery. He thinks that, with building costs so high, the size of houses is going to shrink, "and that will mean less timber."

Another factor worrying him is "the high cost of moving." He says that to move an employee from one region to another costs a year's salary and suggests that this cost is slowing development of the Southeast and the Sun Belt. "You'd be surprised," he says, "how much the prosperity of our region has been tied to migration."

This corner of Virginia increasingly knows it is not only part of the United States but of the world economy. "We're proud of the strength of the dollar," Mr. Doyle says. "This is a good time to travel but a bad time to export."

The costly dollar, he says, is also a cause of lost jobs. He worries about other countries, including Canada and Mexico, taking advantage of American producers. "Thirty percent of lumber in the United States and more than 50 percent of lumber in Virginia is coming out of Canada," he says, and charges the Canadians with unfairly subsidizing their lumber sales.

Not all the businesses around here are being hurt by foreign competition. Joe S. Peagram, a vice president at Bassett-Walker Inc., one of the world's largest producers of knitted sportswear, says his company is doing fine.

But for the most part, the businessmen of the Roanoke Valley are troubled about what Reaganomics is doing to them. They sound like the woman in a William Hamilton cartoon in The New Yorker who said, "I got what I wanted but it wasn't what I expected."

The New York Times

## GTE Corp. Sets Major Expansion

Compiled by Our Staff From Dispatches

STAMFORD, Conn. — GTE Corp., in a move that analysts said would let the company better compete with American Telephone & Telegraph, agreed Friday to acquire the communications and satellite units of Southern Pacific Co. for about \$750 million.

Stamford-based GTE is a diversified telecommunications concern while Southern Pacific, based in San Francisco, has interests in railroad transportation, natural resources, real estate and communications. The companies said both their boards had approved the proposal, which still is subject to completion of a definitive agreement and government approval.

Southern Pacific's most notable communications unit is Sprint, a long-distance telephone service operating on microcomputers and based in Burlingame, Calif.

The companies said they expect the acquisition to be completed by the middle of 1983 after reports are approved by the Department of Justice and the Federal Communications Commission.

The acquisition will permit GTE to enter into the long-distance public switching services market, analysts said.

GTE has been involved only in the private line service, which, for example, would be used for service between two facilities of a company. Analysts said the acquisition will permit GTE to better compete against AT&T in the deregulated telecommunications business.

"I don't think there is any reason why they can't be very competitive," said Charles W. Schelke of Smith Barney Harris Upham & Co.

Companies have been permitted to compete with AT&T on long-distance service for about six years, with MCI Communications Inc. the first in the business.

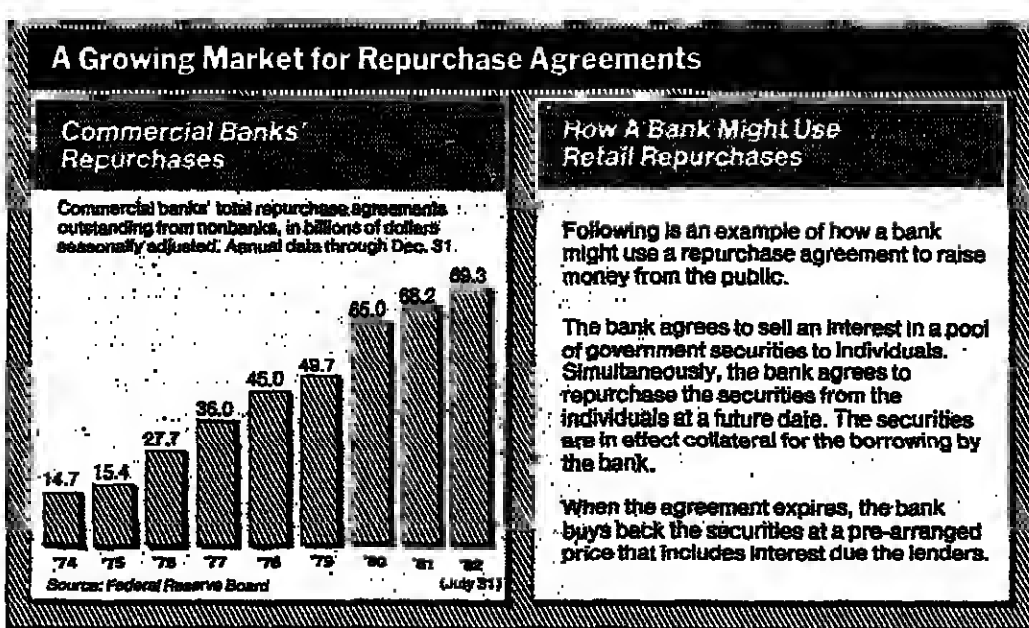
Analysts said MCI, as well as AT&T, could be affected by the GTE expansion.

Southern Pacific, on the other hand, said its debt will be reduced by about \$200 million and it will have about \$700 million in cash for future investment. It did not say what investments it might be considering.

Analysts say Southern Pacific's profits on the long-distance service have been marginal, but they said GTE could receive a much better return in the long run.

Analysts speculated that the acquisition might be viewed positively on Wall Street because of the new growth market it will open for GTE.

But Ivan Wolff of Donaldson, Lufkin & Jenrette said the acquisition will not add measurably to GTE profits for several years. "It will have an impact, but not a significant impact until 1985," Mr. Wolff said.



## What's Behind a Repo? Bankers In the U.S. Grope for an Answer

By Michael Quint

New York Times Service

NEW YORK — When Mount Pleasant Bank & Trust Co. failed last month, the Iowa community from which the small institution operated was shocked. But the confusion generated by the bank's failure pushed far beyond the Mount Pleasant city limits.

The bank's insolvency, in combination with the recent collapse of the government securities firm of Lombard-Wall Inc., has been the catalyst for a far-ranging review of the repurchase agreement, a widely used but little understood way of borrowing money.

The two unrelated events, in which "repos" played a significant role, have produced legal decisions and findings by the Federal Deposit Insurance Corp. and a court in New York clouting the use of the financial instrument.

A Vague Instrument

In the past 30 years, two kinds of repurchase agreements have evolved. At first, repos served primarily as a way for government securities dealers to borrow cheaply. In the past few years, the repo has also been used by thrift institutions and banks as an alternative to the traditional individual savings account.

Both kinds of repos have been the subject of litigation that has attracted the attention of bank lawyers, securities firms, the Securities and Exchange Commission and the Federal Reserve Board.

Exactly what a repurchase agreement is has always been somewhat vague, even to those who employ it. It is essentially an agreement whereby a borrower sells securities to a lender and simultaneously agrees to

repurchase them at a later date. Securities firms concede that they have operated for years with only informal assumptions about the technical legal issues and few, if any, written agreements.

"The same questions have existed for 30 years, and they still aren't resolved," one government securities dealer said. The foremost question arises in the event that the borrower goes bankrupt. Can the lender of the money sell the securities that were "bought" in the repurchase agreement in order to protect the loan? Or are the securities merely collateral for a loan, leaving the lender in the same boat as other creditors in the event of a bankruptcy?

The moving force behind reviews of "retail" repurchase agreements offered by banks and thrift institutions was a decision last month by the FDIC, which was the receiver for Mount Pleasant Bank. The bank had used repos to attract \$353,000 from various individuals and local governments.

Along with other banks and thrift institutions around the country, the Iowa bank knew that the repos were not insured deposits, but it had assumed that the investors in the repos were protected by the value of the securities underlying the repos.

That belief was shaken in mid-September when the lawyers for the insurance corporation decided that the investors did not have a special claim to the government securities used in the repos. As a result, they would have to wait along with other creditors for their share of the bank's assets remaining after liquidation.

"Claims by repurchase agreement customers do not take priority over claims by depositors or other general creditors of the bank," the insurance corporation (Continued on Page 13, Col. 1)

## Reagan Sanctions Cost Dresser Unit A \$3-Million Job

By Paul Lewis

New York Times Service

PARIS — General Electric Corp. said Friday that it has switched a roughly \$3-million order for gas compressors from a French-based corporation to a company based in New York State as a result of President Reagan's sanctions against European companies building the Soviet gas pipeline.

GE's decision appeared to be the first major move that the Reagan sanctions are starting to bite in France.

A spokesman for Dresser Industries in Dallas said GE was forced to take the contract away from Dresser-France, the French unit of the Dallas company. The Reagan sanctions prevent GE from supplying Dresser-France with specifications for the turbines it is building to power the compressors, the spokesman said.

GE said only that it is unable to finish an Australian order for three turbine-driven gas pipeline compressors on time if Dresser-France makes the compressors because of the Reagan ban on U.S. companies providing energy-related technology, goods or business information to European companies building the pipeline.

Dresser-France is on the U.S. administration's sanctions list because it has helped supply the Soviet Union with compressors to be used to push gas along the pipeline.

The Dresser spokesman said the loss of the GE order by itself will not endanger Dresser-France. But he warned that the plant, based in Le Havre on the north French coast, could find itself in serious difficulty if the sanctions continue because "they are effectively pushing it out of the international market."

The Dresser statement came after French trade unions protested strongly against the loss of the contract, which they said represents about 20,000 man-hours of work and threatens the jobs of the plant's 800 workers.

After being told Thursday of the loss of the contract, Dresser-France personnel marched through the streets of Le Havre to the town hall to hand a protest to the city's mayor. The mayor then sent an open letter to President Francois Mitterrand demanding urgent action to seek removal of the U.S. penalties.

Earlier this year President Reagan tried to halt construction of the pipeline that is to bring natural gas from Siberia to Western Europe by forbidding European companies building it from using U.S. technology. The move was partly intended as retaliation for the Soviet-backed military crackdown in Poland last December.

But the Reagan administration also argues that the pipeline would leave Western Europe dangerously dependent on Soviet energy and give Russia a valuable new source of foreign exchange.

The British, French, West German and Italian governments responded by ordering companies using American technology on the pipeline to honor their contracts with the Soviet Union. The orders to honor contracts were directed at European subsidiaries of U.S. companies as well as European-owned concerns.

The Reagan administration then struck back by banning U.S. companies from supplying energy-related goods, technology and information to any of the European companies involved in building the pipeline.

While Dresser-France still has other work on hand, the Dresser spokesman said, the unit is in danger of being squeezed out of the world compressor market by the Reagan sanctions.

The Reagan sanctions affect a dozen or more companies in Britain, West Germany, France and Italy. The list includes John Brown Engineering in Britain, France's Creusot-Loire, AEG-Telefunken of West Germany and Nuovo Pignone in Italy.

## New York Stocks Stage Sharp Rally

Reuters

NEW YORK — New York Stock Exchange prices soared Friday on rumors that the Federal Reserve bank may again cut the discount rate.

The Dow Jones industrial average was down slightly throughout the morning but rallied in mid-afternoon to close at 907.74, a gain of 11.49 points.

Analysts said both the stock and bond markets were buoyed by

speculation that the Fed will cut the discount rate by half a point, to 9 1/2 percent.

The discount rate, on loans banks receive from the Fed, has already been reduced an unprecedented four times since mid-July, when it stood at 12 percent.

Blue chip, technology, drug and interest-sensitive issues such as banks led the rally.

Some of the best performers on the active list included IBM up one to 74 1/2, Ralston Purina 1 1/2 to 15 1/2, Clorox 1 1/4 to 26 1/2 and Ford 1 1/2 to 27.

Other big gainers included Financial Corp. of America up 3 1/2 to 25 1/2, Manufacturers Hanover 1 1/2 to 32, Eastman Kodak 1 1/2 to 83, AT&T 1 1/2 to 57 1/2 and Pfizer 2 1/2 to 72 1/2.

Johnson & Johnson was the volume leader with 2,216,300 shares traded and rose 1/4 to 43 1/2. The stock gave up 2 1/2 Thursday and was down as low as 41 1/2 Friday following reports that five deaths in the Chicago area were linked to Extra-Strength Tylenol capsules that contained cyanide.

General Telephone & Electronics was the second most active and rose 1 1/2 to 33 1/2. GTE agreed to purchase the communications business of Southern Pacific for \$750 million.

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The Standard & Poor's 500 index rose 1.55 to 121.97 and futures contracts ranged from up 0.80 to up 0.90.

The NYSE composite index rose 0.83 to 70.01 and futures contracts ranged from up 0.35 to up 0.60.

Canadian Stocks Recover

Toronto stocks showed some recovery in afternoon trading to close mixed.

The composite index was off 10.9 points at 1,591.1, after hitting a low of 1,578.3 earlier. Gainers led losers 247 to 197 on turnover of 6.8 million shares.

Six of the 14 indices showed improvement but gold and oil retreated sharply as investors reacted negatively to the Dome Petroleum refinancing package announced Thursday.

## U.S. Orders Fell 2.8% in August

United Press International

WASHINGTON — U.S. manufacturing orders in August fell 2.8 percent to their lowest level in two years, the Commerce Department said Friday.

The figures on overall factory orders confirmed the serious setback dealt to manufacturing that was first suggested nine days before when the government reported orders for "durable" items — from autos to machinery — were down sharply. The latest report revised the decline in durable orders slightly, showing they dropped 4.1 percent, the biggest percentage decline since last October.

An increase in orders is the necessary first step toward improved production and employment figures.

## Mexico Warns Bankers on Debt Woes

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — President José López Portillo of Mexico said Friday that the question of whether Third World nations will have to suspend debt payments is beyond the responsibility of debtor countries.

Mr. López Portillo, whose country is in the throes of a major financial crisis, said in an address to the U.N. General Assembly: "Today, Mexico and many other countries of the Third World are unable to comply with the period of payment agreed upon under conditions quite different from those that now prevail."

Mexico has foreign debt totaling about \$81 billion, the largest in the Third World, and this year has devalued the peso, nationalized banks and imposed strict foreign exchange limits in an effort to overcome its financial squeeze.

"Payment suspension is to no one's advantage and no one wants it," the president said. "But whether or not this will happen is beyond the responsibility of the debtors. Everyone must negotiate seriously, carefully and realistically."

He added: "We cannot paralyze our economies or plunge our people into greater misery in order to pay a debt on which servicing is suspended without our participation and with terms that are imposed on us. We countries of the South are about to run out of playing chips and if we cannot stay in the game, this will end in defeat for everyone."

Mr. López Portillo, who will be succeeded in Dec. 1 by Miguel de la Madrid Hurtado, said that the poorer countries, those of the so-called South, has not sided against the world economy and that efforts to develop has not caused the world economic crisis.

The crisis could be overcome, he asserted, and "less time will be required if we can count on the rational support of the international financial community and not on reluctance or punishment for sins we have not committed."

Mr. López Portillo said poor countries need foreign exchange "to make payments and purchases. Our counterpart also needs to buy in order to make collections and sales. This is a healthy relationship which is to everyone's advantage."

He contended that Mexico's ac-



José López Portillo

tions had been distorted by the press and that many of its problems made worse by "tendencious reports that in themselves bring on the results they announce."

Defense of Mexican Policies

He said there is an inconsistency between development policies and an "extrinsic and restrictive international financial structure." Exchange controls have been imposed in Mexico, the president said, because a reasonable growth policy could not be reconciled with freedom to speculate in foreign exchange.

Mr. López Portillo said that, given Mexico's long border with the United States, exchange controls could function only through a banking system that followed the policies of its government. "For this reason, we nationalized the banks," he said.

"We have been a living example of what occurs when that enormous, volatile and speculative mass of capital goes all over the world in search of high interest rates, tax havens and supposed political and exchange stability," he said.

"The decline in available financial resources caused by plummeting petroleum prices has taken us from an unresolved energy crisis into a financial crisis that deepens into a international monetary system," Mr. López Portillo said.

He said Third World countries "must hold our heads high and stand together, today and always, in dignity with our shared struggles and hopes."

Mr. López Portillo spoke for 38 minutes and was roundly applauded after the speech and again as he left the hall.

## M-1 Posts Modest Rise, Confounding Forecasts

Compiled by Our Staff From Dispatches

NEW YORK — The M-1 money supply grew \$400 million in the week ended Sept. 22, the Federal Reserve reported Friday.

The modest rise surprised analysts, most of whom had predicted a decline of \$1 billion to \$2 billion, and left the basic money supply measure several billion dollars above the Fed's target range, which calls for annual growth of 2 1/2 to 3 1/2 percent.

Such a situation ordinarily would be viewed as putting pressure on the Fed to tighten its credit policy and force interest rates up in an attempt to prevent a resurgence of inflation. The Fed has indicated, however, that it is willing to be flexible in managing the money supply in light of the weakness of the U.S. economy.

M-1, which comprises cash in the public's hands along with checking accounts and travelers checks, totaled \$461 billion in the latest reporting week, the Fed said.

Earlier in the day, prices rose on the credit markets in response to a move by the Fed to supply reserves to the banking system and expectations that the central bank would cut its discount rate, the fee it charges on loans to commercial banks. Trading was quiet.

The Fed supplied temporary reserves by arranging over-the-weekend repurchase agreements. Meanwhile, some dealers predicted the Fed would soon cut the discount rate to 9 1/2 percent from 10 percent.

percent. Analysts say the Fed, which already has made four half-point cuts in the rate since mid-July, remains concerned about the effect of high interest rates on the spattering U.S. economy.

At midday, the rate on federal funds — overnight reserves that banks lend one another overnight — was at 10 1/2 percent, down from an average of 12 1/2 percent Thursday.

The 14-percent Treasury bonds due in 2011 rose 1/4 to 119 1/2, about 14 below their record high. The 12 1/2-percent notes of 1984 gained 1/4 to 101 1/4.

Yields on three- and six-month Treasury bills fell 0.12 and 0.15 percentage point, respectively, to about 7.58 percent and 8.56 percent. The rate on new one-year bills dropped 0.20 point from Thursday's auction average, to 9.30 percent.

The market improvement came despite a rise in the dealer rate for repurchase agreements, which are used to finance holdings of Treasury securities. This key rate rose to 10 percent from 9 1/2 percent Thursday, reflecting upward pressures from end-of-the-month settlements and payments on several recently auctioned Treasury issues.

The Fed also reported that U.S. business loans rose \$915 million in the week ended Sept. 22 to total \$216.9 billion. That compares with a rise of \$3.04 billion in the previous week.

## CURRENCY RATES

Interbank exchange rates for Oct. 1, excluding bank service charges.

	\$	£	DM	FF	IL	Yen	S.F.	S.P.	D.M.
Amsterdam	2.2625	4.609	10.425	20.71	0.790	12.775	8.60	22.11	31.24
Bombay	48.15	12.85	19.40	4.85	3.49	22.725	22.82	5.95	1.50
Frankfurt	2.32	4.735	—	25.35	1.775	11.3	5.15	11.15	28.57
London	1.998	—	4.292	12.713	2.4733	4.894	8.38	3.801	15.929
Madrid	1.6925	2.4075	22.18	19.25	—	21.8	20.96	67.25	140.78
Paris	2.131	12.375	20.77	—	0.77	10.924	8.60	11.32	—
Porto	2.142	2.071	18.97	20.45	1.555	78.55	2.405	—	—
Stockholm	1.8219	0.6577	2.220	1.424	1.255	45.48	20.92	8.254	—
Switzerland	1.7209	0.6527	2.207	7.422	1.2435	2.444	22.445	2.294	9.404

Dollar Values											
\$	Currency	Per U.S.	\$	Currency	Per U.S.	\$	Currency	Per U.S.	\$	Currency	Per U.S.
0.947	Australian \$	1.063	0.0342	Israeli sheqel	29.27	0.8574	Shanghai	2.785	0.947	Shanghai	2.785
0.4564	Austrian schilling	1.028	0.028	Japanese yen	246.40	0.874	S.African rand	1.548	0.947	S.African rand	1.548
0.8194	Belgian fr. franc	51.65	0.2636	Kuwaiti dinar	2.2715	Closed	S. Korea won	7.144	0.947	S. Korea won	7.144
0.8194	Canadian \$	1.2325	0.0104	Mexican, rinpiat	2.045	0.008	Sinhala peseta	114.00	0.947	Sinhala peseta	114.00



### *Dow Jones Averages*

**Market Diaries**  
**NYSE**      **AMEX**  
 Close    Profit    Close    Profit**NYSE Index**

65.00	74.81	6.30	3.71
996	582	321	197
48.14	10.29	2.45	1.14
698	939	197	385
10.83	37.58	2.60	1.87
376	410	237	218
1,870	1,901	755	767
60	35	19	15
2	8	1	11

TSE Mod. 1st

<b>Jones Bond Averages</b>		
	<b>Close</b>	<b>Ch'ge</b>
<b>Inds</b>	65.37	+0.34
<b>Flas</b>	65.73	+0.83
<b>Airtrals</b>	65.02	-0.71

746,500  
667,900  
181,300

74 1/2	+
23 3/4	-
19 1/2	+
20	+
27	+
57 3/4	+
12 1/2	+
35 1/2	+
14 1/2	+

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

12 Month		Block	Div.	Yld.	P/E	Stk.	High		Low		Close	Pre
High	Low						Quot.	Close				

12 Month		Stock Div.	Yld.	P/E	Stk. 100s	High Low		Close Prev	
High	Low					Quot.	Close		

[illegible]

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	
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The world at your  
finger tips.

(Continued on Page 14)

**The world at your  
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## BUSINESS BRIEFS

## Fiat, Harvester End U.S. Venture

TURIN — Fiat's industrial vehicle subsidiary, Iveco, and International Harvester have ended their agreement for Harvester to distribute Iveco light vehicles in the United States, Fiat said Friday. It said Harvester pulled out of the pact, which was signed last year and put into operation early this year.

A Fiat statement said Harvester cited difficult market conditions and a need to concentrate on selling better-established models. "Iveco will continue to sell both heavy and light diesel trucks through its own dealer network" in the United States, the statement said.

Despite the U.S. recession, Iveco expects a 25-percent rise in the number of vehicles sold there this year, Fiat said. The split with Harvester came six months after Fiat denied rumors that it would become a minority shareholder in the ailing U.S. company.

## Pilkington to Acquire Libbey Stake

LONDON — Pilkington Brothers has agreed to acquire 30 percent of the common stock in Libbey-Owens-Ford from Gulf and Western Industries for \$108.2 million in cash, Pilkington said Friday. LOF is listed on the New York Stock Exchange and the acquisition is subject to U.S. antitrust review.

LOF is a diversified industrial manufacturer of flat glass products, fluid power and fluid systems components and laminated and molded plastics. Pilkington, one of the world's largest producers of flat glass, said that the acquisition is being financed by borrowing and that it does not now intend to acquire any more outstanding shares of LOF common stock.

At the end of 1981 LOF reported consolidated net tangible assets attributable to holders of common stock of \$451.8 million and earnings for the year, before tax and before dividend payments to preferred stockholders, of \$19.5 million compared with \$7.7 million in 1980.

## U.S. Steel Sells Part of Headquarters

PITTSBURGH — U.S. Steel Corp. has sold an 81-percent interest in its headquarters building here to the State of California Public Employees Retirement System for \$200 million. U.S. Steel will continue to occupy space in the building. The company has been selling assets to pay a debt incurred in its nearly \$6-billion acquisition of Marathon Oil.

## National Semi Reports Near-Loss

SANTA CLARA, California — National Semiconductor, citing "adverse business conditions worldwide" that have depressed sales of semiconductor and other electronic components, barely avoided a loss in its fiscal first quarter and posted profits of only \$60,000.

The slim earnings, reported Thursday, came on sales of \$350.4 million in the quarter that ended Sept. 19. In the same quarter a year earlier, the company earned \$1.07 million, or 5 cents a share, on sales of \$325.6 million.

"During the quarter we eliminated 1,000 positions in the United States in an effort to bring capacity in line with demand," Charles E. Spork, president and chief executive, said in a statement. Sales by the company's semiconductor unit "increased modestly" from a year earlier.

## Matsushita Hopeful on Computers

NEW YORK — Matsushita Electric Industrial Co. expects its personal computers with business applications to become a major part of its office equipment products in the "not too distant future," Hajime Suzuki, managing director and chief financial officer, said after an analysts' meeting here.

He acknowledged that sales of the product, which now account for a small percentage of the firm's sales, were lagging behind those of competitors, but he said demand for personal computers was increasing.

Matsushita's Panasonic U.S. subsidiary recently said it would introduce a personal computer in the U.S. market in January, aimed at the low-priced end of the market.

## Dome Plunges as Trading Resumes

TORONTO — The value of Dome Petroleum shares plunged Friday as analysts warned that the Canadian government bailout of the company would hurt shareholders. The shares slumped to 3 Canadian dollars (\$2.43) apiece, down 2.125 dollars from the level before trading was suspended Sept. 23. Dome Mines, which owns about 26 percent of Dome Petroleum, fell 1.875 dollars to 11.25.

Under an agreement accepted Thursday by Dome Petroleum, the government and the four Canadian banks that hold about half of Dome's 7.6 billion Canadian dollars in debt will provide Dome with an injection of about 1 billion dollars and give it more time to pay its debt.

In exchange, Dome agreed to surrender control of its operations to the government and Toronto Dominion Bank, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Bank of Montreal.

If the plan is adopted by Dome's other major creditors, Dome shareholders, Parliament and government regulators, the government will hold about 20 percent of Dome. The value of shares now to public hands would be diluted because Dome agreed to quadruple its shares outstanding by selling stock to the government and the banks.

Compiled From Agency Dispatches

What's Behind a Repo?  
U.S. Seeks an Answer

(Continued from Page 11)

of the bank. "The bank extends its unconditional guarantee to the investor and promises to 'take all steps within its power to assure that the governmental securities remain separate from its general assets and are available at all times to assure repayment' to investors."

Besides the retail repurchase agreements, there is controversy surrounding the multimillion-dollar repos used by government securities dealers and sophisticated investors, such as money market mutual funds.

In New York City, a judge handling the affairs of Lombard-Wall, a government securities dealer that filed in August for protection from its creditors under Chapter 11 of said Tuesday. That decision, it added, "is based upon the particular circumstances" of the Iowa bank "and is not a statement of FDIC policy on the status of repurchase agreements in general."

The Iowa bank is the only case in which investors in retail repos have failed to get their money back. But the incident caught the eyes of bankers all over the country, who are reviewing their own repurchase agreements with the aim of providing investors with as much assurance as possible that they have a claim on the government securities underlying the repurchase agreements.

"Money Pleasant is a classic example of a small institution that got caught up," said H. Boone Porter, lawyer with the Chicago-based law firm of Quinn, Jacobs & Barry.

The banks need to perfect the securities interest in a pool of securities. It's possible to do this, though many banks have still not figured out how.

The Iowa bank, for example, sold buyers of repos that it had securities that were "set aside as collateral" with another bank, but that assurance was not enough to safeguard the investors' interest in the securities.

When offering repos, banks attempt to alert customers to what they are buying. For example, Goldome Bank of Buffalo says in its literature for prospective repo buyers that the institution "retains title" to the underlying securities that are "held as collateral for your benefit to insure that we fulfill our promise to repurchase."

In the worst possible case, the bank explains, the purchaser of the repo would be a "general creditor

U.S. bankruptcy law, has been pondering the underlying securities used in repos arranged by Lombard.

In an oral ruling last month, Judge Edward J. Ryan in Manhattan ruled that the securities in a repo with Dauphine Deposit Bank & Trust Co. of Harrisburg, Pennsylvania, were collateral for a loan and could not be sold by the bank without the court's permission.

Securities dealers say they hope the bankruptcy court's treatment of repos between Lombard-Wall and Dauphine will not be widely viewed as a precedent.

Judge Ryan's law clerk said the judge intends to prepare a written decision on the Dauphine repos but not until he has received comments from interested parties. Among those commenting so far are the Federal Reserve Bank of New York; Goldman, Sachs & Co. and Salomon Brothers, all of which reported that the repos be considered purchase and sale transactions and not secured loans.

The Fed said in its brief that if the repos were found to be secured loans, it "could have an adverse impact" on the Fed's ability to conduct domestic monetary policy and "could also increase the cost of financing the public debt of the United States."

**Slow to Agree**  
Government securities dealers explained that the lenders might not participate in repos unless they are certain that they have control of the collateral. If not, lenders would shy away from repos. The result would be higher financing costs for securities dealers and higher yields for Treasury securities.

Officials at some money market mutual funds, which have invested about \$20 billion in repurchase agreements with various securities firms, are working on devising some master agreement that would describe the details of the repos. Securities firms are engaged in a similar effort, though so far borrowers and lenders are slow to agree on any uniform repo agreement.

"Our legal department has been working on this for more than a year," said James Benham, president of the management company for Capital Preservation Funds.

Thomas Russo, a lawyer at Cadwalader, Wickersham & Taft, said the best solution might be to "seek a legislative remedy."

McDonald's, Burger King Swap  
Charges in Court, Ad Campaign

Compiled by Our Staff From Dispatches

MIAMI — Burger King has promised to turn over videotapes of its controversial new commercials to McDonald's attorneys without delay, but accused its rival of trying to sneak confidential materials to its marketing department.

McDonald's, No. 1 in the fast-food hamburger business, has demanded copies of the television spots and market research that No. 2 Burger King, a subsidiary of Pillsbury, used to develop the \$20-million advertising campaign.

Analysts said the advertising controversy was partly responsible for a drop in McDonald's stock to the low 80s from close to \$90. The dispute comes at a time when some industry analysts are raising questions about McDonald's ability to sustain its historic growth trend in the United States. In the campaign, which began Sunday, Burger King claims that people prefer the taste of its hamburgers to McDonald's. McDonald's has called the commercials "false and misleading," and its attorneys complained in court Thursday that Burger King was stalling in turning over the materials McDonald's wanted.

A Burger King attorney countered with a charge that McDonald's sought the materials "as a tool to get confidential proprietary marketing information." U.S. District Judge Eugene P. Spellman ordered McDonald's attorneys not to pass on the confidential information to anyone else.

Burger King then said the documents would be given to McDonald's attorneys immediately in Miami and New York.

The next hearing on McDonald's request to halt the campaign is scheduled for November. But by that time, McDonald's noted, the commercials will have been seen by the public for several weeks.

Judge Spellman said there was nothing to prevent McDonald's from asking back to court in an emergency hearing to ask for a temporary restraining order to get the ads off the air. A McDonald's attorney said the company might do so next week.

McDonald's filed suit last Thursday asking that the ad campaign be halted and that Burger King produce information about the "independent con-

sumer taste test" that it says found that people prefer the "broiled" taste of Burger King hamburgers to those of McDonald's and Wendy's.

Wendy's, No. 3 in the business, announced Wednesday that it had filed a \$25-million suit against Burger King in federal court in Ohio. A Burger King spokesman said Thursday evening that Burger King had received no notification of the Wendy's suit.

McDonald's operates almost 7,000 restaurants in 29 countries and territories, mostly in the United States and Canada. Analysts estimated that about 80 percent of McDonald's 1981 sales of \$2.5 billion was generated from U.S. restaurants, where earnings growth has averaged 17 to 18 percent in the past five years.

John Wakely, who follows McDonald's for Argus Research, said he expected that international earnings would become a key source of earnings growth for the company over the longer term.

"The same cannot be said for the domestic side because hamburger chains in the U.S. are approaching saturation in terms of both physical locations and dietary preferences," Mr. Wakely said.

A McDonald's official responded, "I can't speak for the industry, but there will be continued expansion at McDonald's." He said sales growth quarter-over-quarter has been 12 to 14 percent for a long time. "I think the past is going to be a reflection of the future," the official said.

Michael Trainer, an analyst at Merrill Lynch, said he doubted that the hamburger business faced a saturation problem. He said aggregate sales of hamburger chains continue to register gains in excess of the entire restaurant industry. He called the hamburger "the most popular menu mainstay" in the United States.

"There may be a trend toward a healthy diet on the part of America, but I don't see it as a problem for McDonald's," Mr. Trainer said. "It is very hard to find a major company with the consistency and magnitude of earnings growth that this company has realized and is expected to realize."

He said he expected McDonald's to earn \$7.55 a share this year and \$8.75 a share next year. In 1981, the company earned \$6.54 a share.

## U.S. Thrifts Hail Rescue Legislation

Officials Especially Like Chance to Offer Money-Market-Type Accounts

By Kenneth B. Noble

New York Times Service

WASHINGTON — The United States' long-hidden savings institutions expressed enthusiasm Thursday over the prospect that they would soon be able to offer a consumer account that matches those of the money market funds.

"It's the ultimate account, the Magna Carta for the business," said Robert B. O'Brien Jr., chairman and president of the Carter Savings and Loan Association of New Jersey. "For 50 years, the passbook account has been what people thought of when you mentioned savings account. From now on, I believe, people will think of this new account as the normal account."

Legislation authorizing thrift institutions, and commercial banks as well, to offer the new accounts was passed Thursday by the Senate and was expected to sail through the House.

For depositors, there would be one major difference between the high-yielding accounts offered by money market funds, accounts that now hold \$24.7 billion, and the new accounts that the banks and thrift units would be able to offer: The accounts offered by banks and thrifts, unlike those of the money market funds, would be federally insured.

Nevertheless, Allan Borten, a thrift industry analyst at the Shearson-American Express, said: "I don't expect millions of customers to suddenly move their funds back to insured accounts — the horse is already out of the barn. But it's helpful for the next cycle, particularly for those who want to stay liquid and want to have an insured account."

Mr. Borten predicted that the funds, which have grown from \$10.8 billion in 1978, when rising interest rates put their yields well above those of bank deposits, would no longer grow at such a rapid pace because many new depositors might be attracted by the

insured accounts to be offered by commercial banks and thrift units.

His view was shared by David Silver, president of the Investment Company Institute, the trade group representing most of the nation's 255 money market mutual funds. "Passbook account holders have presumably stayed with the banks through this period of high interest rates because they have a preference for the convenience of that type of account," he said.

"We're now No. 1, and I guess we have a new competitor on the block, and we'll have to try harder, but we never opposed giving them this depository instrument," Mr. Silver said. "Unlike the banking industry, we've never thought that we're entitled to a monopoly of this business."

Details of the new account — including how closely it might match existing money market fund accounts — have yet to be fully worked out.

The legislation approved Wednesday by a House-Senate conference committee requires the Depository Institutions Deregulation Committee, an interagency group of the principal banking re-

gulators, to devise within two months of final adoption of the legislation a new type of account for commercial banks, savings banks and savings and loan associations that is "directly equivalent to and competitive with money market funds."

During Senate debate Thursday on the new bill, Jake Garn, Republican of Utah and chairman of the Banking Committee, urged that the deregulation committee set the minimum deposit for the new accounts at no higher than \$5,000 and perhaps as low as \$1,000, which would make them competitive with most money market funds.

The conference committee recommended that holders of the new accounts be limited to a maximum of three withdrawals a month. Money market fund customers can in most cases make an unlimited number of withdrawals.

**Long-Range Program**  
The Reagan administration has, with some reservations, endorsed the bill as part of its long-range program to deregulate the financial services industry, and President Ronald Reagan is expected to sign the legislation soon after House passage.

Savings and loan associations and mutual savings banks are losing money — \$6.4 billion last year

Further Drop Seen  
For Eurocredits

Reuters

NEW YORK — International bank lending, which has already slowed Friday, is bound to slow further, Morgan Guaranty Trust said Friday in its monthly publication, World Financial Markets.

It said the immediate reason is the debt problems of Mexico and Argentina, two of the most prominent borrowers from commercial banks. But the bank said moves have been taken or are planned by regulatory authorities in several countries that will directly or indirectly slow foreign lending.

The moves include lending guidelines and informal limits on lending to foreign countries and, in some nations, the imposition of capital-to-asset ratio requirements on a consolidated balance sheet.

Signs of contraction of the inter-bank market, as banks limit their credit lines to other banks, are also affecting the Eurocurrency market, and this is further contributing to the slowdown, Morgan said. It said that worsening economic conditions reduced growth in developing countries last year and that this reduction "could become even more pronounced as a result of a deceleration of bank lending."

Also Friday, preliminary figures released by Morgan showed that new Eurocurrency bank credits to developing countries dropped in September to \$1.29 billion, from \$2.91 billion in August and \$1.78 billion in September 1981.

A \$4-billion credit raised by France helped boost the September total of all Eurocurrency bank credits to \$7.8 billion from \$5.39 billion in August and \$6.33 billion in September last year.

The figures bring to \$33.2 billion the credits raised by developing countries in the first nine months of the year, against \$32.1 billion in the same period last year.

## IMF Suspends Kenya Loan

The IMF has suspended a one-year financial arrangement for Kenya because the country has been unable to meet the economic performance requirements of the loan, Reuters reported from Washington, citing monetary sources.

The loan for 151.5 million special drawing rights was approved in January and Kenya had already drawn down 90 million SDRs.

## OECD Says Borrowing Down

Reuters reported from Paris that the Organization for Economic Cooperation and Development said borrowing on international capital markets fell to \$10.5 billion in September from \$13.5 billion in August and \$16.1 billion in July.



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مكتبة الأمل



**Race  
Final**

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day.  
Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only.

18%	6%	LokaS	9	121	18%	14%	15% + 1%
19%	11%	Lndmk		31	44	15%	15%
21%	12%	Loneo	36	1,710	6	20%	20%
14%	5%	Loser	n	136	2	7%	7%

[illegible]

16½	5%	MCO Hd	7	12	11½	11½	11½	½
6½	2½	MCO Rg	12	13	3½	2	3½+	½
30%	12%	MSI D?	AD	2.10	148	79½	183½	10%+

14%	9% MacAnP		3	19	14%	14	14%	+
5%	2% Macrod		6	61	2%	2%	2%	+
30%	2.12	10	3	14	40%	2%	2%	+
	7-16 Macrod			2	5-16	7-16	7-16	+
11%	2% MarkPd	.066	2.4	3	25	2%	2%	+
19%	16% MarkPd	p12.25	12	1	19	19	19	+
15	3% Marshin	.541	5.4	25	9%	9%	9%	+
	5% Alcosid	.106	1	4%	6%	6%	6%	+
19%	1% Alcosid	.12	1.8	65	15	17%	17%	+
23%	15% Acitric		35	125	27%	26%	27%	+
8%	6% MarvIt	n.050	2.5	5	15	3	7%	+
4%	3% MacDow		7.4	19	5%	5%	5%	+

15% 2 1/2% Media	8	0	13	13%	13	13%	+ + %
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11%	7% MercPro	.22	2.0	11	35	13	116	116	+1
14%	2% MercC	.22	1	1	7	7	7	7	+0
5%	1% MercGn	.1	5	10	5	10	10	10	+0
17%	12% MercSd	.1	4.9	9	24	14	14	14	+0
7%	3% MercBd	.12	1.0	0	2	7	7	7	+0
18%	8% MercInd	.0	4.0	3	3	10	10	10	+0

(Continued on Page 15)

Sept. 30		High Low Close CHV			
8930	Tex Con	23 1/4	20 1/2	20 3/4	V
22100	Thorn N A	52 1/4	23 1/2	23 1/4	V

2340	Top Den Bt	5304	394	60	116 +
2600	Top Den Bt	5314	1004	10	116 +
582	Top Den Bt	5314	1004	10	116 +
5015	Trms At	5374	70	70 +	116 +
3300	Trinity Res	511	104	70 +	116 +
2014	TrAlta Un	5184	25	10	116 +
15162	Tr Can FL	5354	20	30 +	116 +
4404	Trms At	534	54	10	116 +
23749	Turbo It	107	102	102	116 +
200	Unicorp A F	534	54	54	116 +
2702	Un Carbid	5104	104	104 +	116 +
4056	Unlon Gas	5024	104	104	116 +
4774	Unlon Gas	5024	104	104	116 +

2%	5%	1000	U Rocco	440	435	440
2%	16%	2000	U Sisco	52	7	7
2%	8% + 1/2	10550	Versa A f	815%	15%	15%
2%	11	400	Vestron	20	20	20

%	6½		Western C	222	35	28 +	W
%	29½+	-	Weston	84	84	84	+ W
%	27	-	Westmore	35½	35	24 -	W
%	18½	-	Whitney	39	34	35	- W
%	15	+ ¼	Woodward A	31¾	13	7	- ½ W
%	51%	-	Total sales	5,277,148 shares			
%	71½	- ½					
%	192	- 3					
%	15						
%	17½ + ¼						

**Montreal**

High		Low		Close		Chg	
5519	Bank Mont	521 1/2	29 3/4	29 3/4	- 1/8		

[illegible]

<b>Canadian Indexes</b>	<b>Oct. 1</b>
Clos.	Direction

72	2876	-34	Montreal	289.55	293.45
74	2876	-34	Toronto	1,571.00	1,623.00
76	715	-34	Montreal: 3 Stock Exchange Industrials Index		
78	715	-34	Toronto: TSE 300 Index		

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Interest Rates		Oct. 1	
Swiss Franc	Starting	French Franc	ECU
			SDR

3 1/4	- 3 3/8	10 5/8	- 10 3/4	14	- 14 1/2	11 1/2	- 11 3/4	10 1/4	- 10 1/2
3 3/4	- 3 7/8	10 7/8	- 10 7/8	17	- 17 1/4	11 1/2	- 11 3/4	10 1/2	- 10 3/4
4 1/4	- 4 1/2	10 7/8	- 10 7/8	18	- 15 1/2	11 1/2	- 12 1/4	11	- 11 1/4
4 1/4	- 4 1/2	10 7/8	- 10 7/8	19	- 19 1/4	12	- 12 3/4	11 1/2	- 11 3/4

4% - 4%	10% - 10%	19 16 - 20	73	12%	11%	11%
<b>the-Counter</b>						
Closing NASDAQ Prices				Oct. 1		
14%	15%	Kaiser	1 1-14	Pratt	23%	28%
4 15-16	4 21-32	Korman	22	Proper	2%	2%

13%	13%	KelvSv8	24%	35	PbSvNC	12%	13%
10%	11%	Kimbali	19%	19%	PurSbn	16%	16%
4%	5%	Kimgini	2%	3	PuTDCap	14%	15%
24%	25%	KloofG	29%	29%	QuackCh	15%	16%

22	34	Kramer	13%	14%	Rosen	7	7%
21	33	Kristen	5%	7%	Roy	18%	18%
20	32	Kurtis	16%	19%	Royce	10%	10%
16	16%	Lance	27%	28	Roads	48%	48%
24%	24	Land/Ras	4	4%	Roads/R	10%	11%
20%	20%	LandCo	4%	45%	Roads/R	21%	21%
9%	9%	Lewis	28%	25%	Roads/R	21%	21%
14	15	Limber	4%	4%	Sadler	5%	4
22	23%	Lopatin	14%	17	Sadler	5%	4
11%	11%	MCIA	23%	23%	Saleo	21%	21%
17%	17%	MGFQI	4%	5	Saleo	47%	47%
17%	17%	MODE	17%	17%	Saleo	14%	14%
					Saleo	14%	14%

19%	10%	MADRID	3%	3%	Owner's	20%
1%	1%	MARR	5%	4%	SVCMER	19%
3%	4%	MARTIN	3%	3%	SVCST	32%
14%	15%	MONT	2%	3%	Shared	20%

[illegible]

6-8	5%	MontCol	5%	7%	Syscom	6%	6%
10-12	16%	MonuCo	18%	18%	TIMB DC	7-16	2
4-6	4%	MooreP	26%	25%	Tenneco	30%	30%
11	12	Morgan	13%	13%	Tenneco	22%	22%

1319	1334	MoClub	2%	5%	Yacini	430%	41%
33	1334	Mueller	19%	21	Yaelma	21%	27
1516	158%	NorppC	24%	25%	Tenari	14%	14
3%	3%	Noto	17%	15	Torrey	5%	6
2	2%	NetWks	24%	24%	Tornoff	2%	2%
18%	20%	NYALF	2%	3	Twiss	5%	5%
31%	11%	HickOG	4%	4%	TricoP	22%	24%
11%	11%	HibstaA	6%	6%	Tysand	17%	18%
48%	7%	Ward	5%	6%	UnMcGill	15%	17%
8%	7%	Nikco	15%	15%	USBR	6%	6%
6%	7%	NCoG4	15%	15%		1%	1%

51%	64%	NwrtNGs	10%	11%	USTrck	11%	12%
10%	11%	NwrtPS	15%	16%	UvaBeh	16%	17%
1%	2%	NwrtM	37	37%	UnvEng	3%	3%
8%	9%	NwrtL	37	37%			

[illegible]

24%	30%	20%	30%	White	30%	30%
26%	24%	19%	14%	Minor	14%	14%
16%	14%	25%	25%	Water	14%	14%
11%	11%	14%	14%	Water	14%	14%

[illegible]

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is projected to reach 1.7 billion by the year 2015.

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## SPORTS

# 3 Races Remain Undecided In Final Baseball Weekend

## Dodgers and Giants Gain on the Braves

**United Press International**  
**LOS ANGELES** — Dusty Baker drove in three runs and Rick Monday on Thursday night, helping the Los Angeles Dodgers snap an eight-game losing streak with a 10-3 victory over Atlanta. The triumph off the Braves' lead in the National League West in one game as the Dodgers and San Francisco Giants, who beat the Houston Astros, 7-6.

Atlanta, seeking its first division title since 1969, finishes the regular season with three games at San Diego while Los Angeles is at San Francisco for three games.

Burt Hooton (4-7) lasted into the sixth inning to gain the Dodgers victory. Rick Camp (11-12) took the defeat.

"People want to call us chokers. Let 'em," said an angry Baker. "Call us what you want to call us."

Our record over the years speaks for itself. We've been here year after year, fighting for the pennant. As we're right here again."

The Dodgers manager, Tom LaSorda, said that the game Friday night would be the key. "We've got to beat the Giants in that first game and pray the Padres knock off Atlanta," he said. "Then we're dead even. Then we see what happens in a two-game stretch. I like our chances."

The Braves' manager, Joe Torre, said that the closing stages of the race were unfolding just about the way he figured they would.

"Nothing has been easy for us all season," he said. "Now it's going down to the last game, of the season. I said a few weeks ago that this would happen, that it would be decided at the wire. I hoped my team

would make a liar out of me, but it didn't."

In San Francisco, pinch-hitter Ron Pruitt singled with two out and the bases loaded in the bottom of the ninth inning to lead the Giants past the Astros.

Darrell Evans walked with one out and Jeff Leonard singled to knock out reliever Dan Boone (1-1). Dave Smith walked pinch hitter Jim Wohlford, and Pruitt followed with a bloop single to center in score.

Evans and Leonard and reward Gary Lavelle with his 10th victory against seven losses.

Harry Spilman had given the Astros a 6-5 lead with a homer in the top of the ninth, but he was out in the first and he clouted a two-run homer in the third. His other hit was a seventh-inning single.

## Orioles Stay Alive Royals Narrow Gap

**United Press International**  
**DETROIT** — Cal Ripken, Jim Dwyer and Gary Roenicke delivered consecutive, two-out, RBI singles to cap a four-run ninth inning that rallied the Baltimore Orioles to a 6-5 victory over the Detroit Tigers.

Baltimore will receive Milwaukee this weekend in a four-game series to close the regular season. The Orioles need a sweep to win the American League East race; one Brewer victory would give Milwaukee the division title.

With Detroit ahead, 5-2, Al Bumbly led off with a single, and Rich Dauer and Ken Singleton walked to load the bases. Howard Bailey replaced starter Jack Morris and allowed a sacrifice fly to Eddie Murray.

Dave Tobik (4-9) relieved and fanned pinch hitter Benny Ayala before permitting the blows by Ripken, Dwyer and Roenicke that lifted John Flinn (2-0) to the victory.

In Boston, the Red Sox beat Milwaukee, 9-4. "We were hoping to celebrate on the way down to Baltimore, now we have to wait," said the Brewers' Paul Molitor. "Our task is simple and straightforward: Win one game. Deep down, I don't see how we can lose four straight. But crazier things have happened and we can't assume anything."

Dennis Eckersley prevented Milwaukee from clinching a tie, and Wade Boggs broke out of a batting slump with three RBIs to lead the Red Sox to the victory. Eckersley carried a five-hit shutout into the eighth before being tagged for two-run homers by Molitor and Cecil Cooper.

## Royals Narrow Gap

**The Associated Press**  
**KANSAS CITY, Missouri** — Willie Aikens hit two home runs to lead the Kansas City Royals to an 11-4 victory over the Oakland A's that tightened the race in the American League West.

The victory shaved California's lead to two games with three in play. The Angels, who were idle Thursday, finish with a three-game series at home against Texas while the Royals complete the season at home against Oakland.

Aikens hit a three-run home run off Mike Norris in the fifth and a grand slam off Bob Ojwinko in the seventh.

With the score tied, 2-2, in the fifth, Mike Norris (7-11) walked George Brett and Hal McRae with two out. Aikens drilled his 15th homer, deep into the right-field water display.

U.L. Washington singled and stole second with one out in the seventh, and Brett walked. Dave Lopes misplayed a grounder to load the bases for Aikens, who hit Bob Ojwinko's first pitch over the center-field fence. Aikens' seven RBIs tied him with Jerry Grote for the club record.

McRae and Frank White also had bases-empty homers for Kansas City, and McRae drove in the 12th RBI with a double in the third. McRae's homer was his 26th.

Fred Stanley hit a two-run homer in the third for Oakland, off Paul Splittorff (10-10), who went six innings for the triumph. Dwayne Murphy hit a two-run shot in the eighth for Oakland, his 26th.

## Pirates Trying to Edge Expos for 3d Place

**The Associated Press**  
**PITTSBURGH** — The Pittsburgh Pirates are making a late-season drive for third place.

Manny Sarmiento, a pleasant surprise for the Pirates since being recalled in June, combined with Ted Scurry on a five-hitter, as Pittsburgh defeated the St. Louis Cardinals, 7-2.

The Pirates have been eliminated from the National League East race by the champion Cardinals, but they still have a chance for third place behind Philadelphia. The Pirates, 7½ games out of the lead, trail Montreal by a game and meet the Expos in a three-game series to finish the season.

"We're playing for pride... and a little bit of money," said the Pi-

rate manager, Chuck Tanner, not forgetting that the top three teams in the division share in the postseason playoff pool.

Sarmiento, cast off earlier by the Cincinnati Reds, scattered five hits over the first six innings for his ninth victory in 13 decisions. Scurry pitched a scoreless, hitless final three innings for his 14th save.

"Manny Sarmiento is one of the reasons I'm excited about the 1983 season," Tanner said. "It's going to be nice having him for the whole season. He really has been a big help to us."

**Phillies 5, Expos 4**

In Philadelphia, Garry Maddox singled home Manny Trillo from third base with one out in the ninth inning to help Porti Al-

## Thursday's Major League Line Scores

NATIONAL LEAGUE			
Atlanta	10	3	7
Boston	9	4	1
Chicago	10	0	0
Cincinnati	10	0	0
Cleveland	10	0	0
Los Angeles	10	3	7
Montreal	10	0	0
New York	10	0	0
Pittsburgh	10	0	0
San Francisco	10	0	0
St. Louis	10	0	0
Texas	10	0	0
Washington	10	0	0
White Sox	10	0	0
Yankees	10	0	0

## Major League Standings

NATIONAL LEAGUE			
Atlanta	10	3	7
Boston	9	4	1
Chicago	10	0	0
Cincinnati	10	0	0
Cleveland	10	0	0
Los Angeles	10	3	7
Montreal	10	0	0
New York	10	0	0
Pittsburgh	10	0	0
San Francisco	10	0	0
St. Louis	10	0	0
Texas	10	0	0
Washington	10	0	0
White Sox	10	0	0
Yankees	10	0	0

## Transactions

**BASEBALL**  
**NEW YORK METS** — Signed George Borger, manager, to a one-year contract. Announced that Jack Aker will return as manager of Tidewater of the International League.

**BOSTON** — Signed Darren Tilly, center, to a multi-year contract.

**DALLAS** — Cut Jimmy Armbrister, Eddie Thompson and Wayne Wapner, guards; Ben Grady, center.

**DRIVER** — Named Bill Fike coach of coach.

**LOS ANGELES** — Signed James Worthing, forward.

**MILWAUKEE** — Acquired Steve Maki, forward, from Philadelphia 76ers in exchange for another player.

tamirano raise his record to 4-0 as the Phillies beat Montreal, 5-4.

**Reds 6, Padres 4**

In San Diego, Dan Driessen hit a two-run homer in the seventh inning to break a 4-4 tie and lead Cincinnati to a 6-4 victory over San Diego. Driessen, who was out in the first, hit a home run and Ron Oester added bases empty shots for Cincinnati.

**Cubs 3, Mets 1**

In New York, Dickie Noles scattered nine hits over 8½ innings, and Ryne Sandberg scored twice to pace Chicago to a 3-1 triumph over the Mets. Noles (10-13) struck out five and did not issue a walk, giving way to Willie Hernandez in the ninth after putting two runners aboard.

**Blue Jays 6, Twins 4**

In the American League, in Toronto, Jesse Barfield hit a tie-breaking home run in the fifth inning, and Lloyd Moseby capped a four-run first inning with a two-run single as the Blue Jays beat Minnesota, 6-4, making the Twins the first team in the majors this season to lose 100 games. Kent Hrbek, a Twins' rookie, managed an inside-the-park home run when shortstop Alfredo Griffin and left-fielder Leon Roberts collided while charging for his fly into short left field.

**Yankees 7, Indians 5**

In Cleveland, Oscar Gamble's two-out single in the ninth inning snapped a 5-5 tie and capped a four-run outburst that lifted New York to a 7-5 triumph over the Indians. Cleveland's Andre Thornton hit his 32nd home run of the season and 31st as a designated hitter, tying the American League mark held by Jim Rice and Rico Carty.

## European Soccer Draw

UEFA CUP			
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0

## European Soccer Draw

UEFA CUP			
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0
Amsterdam	1	0	0



Willie Aikens (right) being greeted after hitting the first of two home runs that led the Royals over the A's. Congratulating Aikens at the plate were Hal McRae (center) and Frank White.

## NFL Negotiators Meet for a 2d Day After Long Session Solves Nothing

**By Michael Janofsky**  
**New York Times Staff**  
**WASHINGTON** — A long day of negotiations Thursday between representatives of the players and the owners produced no progress toward settlement of the National Football League players' strike, which entered its 11th day on Friday.

If there was one note of optimism, it was that both sides resumed negotiations Friday, the first time since mid-July that they have negotiated on two consecutive days.

Discussions, which began in earnest Thursday afternoon and continued through 11:30 P.M., touched on a variety of subjects — some economic, some medical. But none was resolved.

**A Different Context**

Gene Upshaw, the union president, said after nearly 11 hours of talks: "It's a sad state of affairs, and players out there should feel concerned. We are dealing with a group of people who have no concern about them. Their only position on the issues we discuss is how they affect the club and what control the club has over athletes."

Jack Donlan, the executive director of the league's Management Council, also talked about control, but in a different context.

"Their proposals, we perceive, are designed to control the game," he said. "They're always talking about their wage scale, their medical program. They're trying to take away everything that has made this game and this league great, which has been the sticking point with the owners right along."

The union's proposal of a wage scale was discussed for two hours early in the day. Later, the subjects included drug testing, a player's right to have second medical opinions, his right to have a sur-

# France, U.S. Win Davis Cup Openers

**By Jack Monet**  
**Reuters**  
**AIKEN-PROVENCE** — France, seeking its first appearance in the Davis Cup tennis final in 49 years, raced to a 2-0 lead over New Zealand on the first day of their semifinal here Friday.

Thierry Tulasne, 19 years old, beat Russell Simpson, 6-3, 4-6, 7-5, 6-2, in a three-hour struggle, and then Yannick Noah swept aside Chris Lewis, the leading New Zealand player, 6-3, 6-1, 7-5.

The matches were played under a cloudless sky at the local country club before a capacity crowd of 6,500. If France wins another match, it will meet either Australia or the United States in the final next month in Grenoble. The U.S. team took a 2-0 lead Friday in Perth.

New Zealand will have to win the doubles match Saturday and two singles matches Sunday to avoid defeat. The doubles team of Lewis and Simpson faces Noah and Henri Leconte, another teenage product of the French coaching system.

Noah, ranked ninth by the Association of Tennis Professionals, was in dynamic form against Lewis, a tough right-hander who struggled gallantly to master the Cameroonian-born Frenchman's serve-and-volley game.

Tulasne struggled in the third set when he was down, 5-1, against the agile Simpson, a newcomer to Davis Cup tennis. But he pulled his game together, winning 12 of the final 14 games.

Tulasne, who in the past has figured in a number of four and five-set thrillers on the European circuit, said that coaching advice given to him by Jean-Paul Loh in the crucial third set helped him through against Simpson.

"In the middle of the third set, when I was 5-1 down, Loh just told me to go for broke," Tulasne said. "So that's what I did and it worked."

The New Zealand team, which has never figured in a Davis Cup final except as a member of an Australasian combination in the 1920s, is more used to playing on grass.

The courts here are clay, and Noah, who learned his tennis on the surface, is often at his best when playing on the dusty red courts of southern France. He also says that he is motivated best when

## Favorite May Skip Arc de Triomphe

**PARIS** — Asser, the heavy favorite to win Europe's richest horse race, the Prix de l'Arc de Triomphe, may not compete in the classic Sunday if rain showers continue as forecast in Paris.

Robert Sangster, a British millionaire, was still undecided whether to run Asser. The 3-year-old Irish colt has already been syndicated for more than \$25 million, and Sangster may not want to jeopardize the horse's future in stud by risking injury in the race.

Sangster will wait until Sunday morning — when the forfeiture fee would be \$56,000 — before deciding whether Asser, with Pat Eddery up, will run. The only horse to be withdrawn by Friday's last official forfeit stage was the British entry Kalaglow, who handed Asser his only defeat this season, in the King George and Queen Elizabeth Stakes at Ascot.

Kalaglow's withdrawal leaves a field of 17 runners in the \$280,000 Prix de l'Arc de Triomphe, including four British, one Irish and one Soviet entry.

## Potter Advances to Indoor Semifinals

**PHILADELPHIA** — Barbara Potter survived a late challenge Thursday to defeat Susan Mascarin, 6-2, 6-3, and advance to the semifinals of the U.S. Women's Indoor Tennis Championships. The final will be played Sunday.

Wendy Turnbull, Pam Shriver, Camille Benjamin and Wendy White, meanwhile, defeated their opponents in second-round competition to advance to the quarterfinals. Potter, assured of \$5,400 as a semifinalist, will play either top-seeded Tracy Austin or Benjamin on Saturday.

Turnbull turned back Rosie Casals, 6-3, 6-2, and will meet White, who advanced when Claudia Monteiro withdrew because of an injury. Shriver defeated Lucia Romanov, 6-3, 6-0, and Benjamin upset Yvonne Vermaak, 7-6, 3-6, 6-0.

## Borg Outlasts Connors in Canada

**OTTAWA** — Bjorn Borg upset Jimmy Connors, 1-6, 6-3, 6-3, 4-6, 6-2, in an exhibition challenge match here Thursday night.

"It was tough at the beginning," Borg said. "I was a little bit stiff. But from the second to the fifth set I was satisfied." Borg barreled through the second set by serving a number of aces in front of a crowd estimated at 10,000, including Prime Minister Pierre Elliott Trudeau.

Connors and Borg have played each other many times, often in the final round of major tournaments. The two met in exhibition matches in July and August, with Connors winning at Los Angeles, 6-3 in the fifth set, and at Richmond, Virginia, 6-4 in the fourth.

## U.S. Names Squad for Wightman Cup

**NEW YORK** — Anne Smith, Barbara Potter and Sharon Walsh have been named to the U.S. team for the annual Wightman Cup tennis tournament against Britain Nov. 4-6 at London's Albert Hall.

They join Chris Evert Lloyd and Rosemary Casals for the competition, which includes five singles and four doubles matches. The United States leads in the series, 43-10. Britain last won in 1978.

It will mark the first Wightman competition for Potter and Walsh. Lloyd has a 20-0 singles record in the series. Casals has played in seven series, while Smith has played once.

## Haas Cards 63 for Texas Open Lead

**SAN ANTONIO, Texas** — Jay Haas, riding a streak of good fortune that included skipping a ball across a pond, shot a 7-under-par 63 Thursday in the opening round of the Texas Open golf tournament. It started him off in second place behind a group that included Craig Stadler.

Haas opened a two-shot lead over a group that included Craig Stadler, the Tour's leading money winner with \$441,301 so far this year.

Joining Stadler at 65 were Curtis Strange, Dan Pohl, Keith Fergus and Jim Dent while the large group of 66 shooters included Tom Purtzer, Johnny Miller, Larry Ziegler and Ben Crenshaw. It was the first tournament appearance for Crenshaw since the PGA Championship.

## Sterling Puts NBA Clippers For Sale

**SAN DIEGO** — After being censured for his handling of the San Diego Clippers, Donald T. Sterling has let it be known that he wants to sell the National Basketball Association club.

"The team general manager, Ted Podestski, said he has started discussions with several different groups interested in buying the team."

The NBA, meanwhile, said that its advisory finance committee will meet Oct. 13 in New York to discuss the possibility of terminating the San Diego franchise.

Compiled From Agency Dispatches

ملکمانہ، لاہور



# Glenn Gould

"That seems like a good deal. There is no sense jumping into something until you people make it a loss leader."

"Of course you're always taking the chance the Japanese will raise the price of their video recorders at any moment, and then the October special of \$689 will seem like a bargain."

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"I think I'll pass for now. Tell me your story on television sets."

**'The Concert Is Dead'** On March 28, 1964, after Gould completed the *Concerto for Piano and Orchestra* Opus 110 in C minor, the 38-year-old pianist, at the end of the concert, retired from public performance. "The concert is dead," he proclaimed. But he did not stop making music. Gould's background humming and musical iconoclasm have become familiar to a generation of listeners who have never seen him in per-

Gould's approach to recording, then, has been different from that of most musicians. The record, traditionally, is supposed to be an imitation of a concert. In Gould's view, the recording is nothing of the kind. It is constructed, pieced together, controlled. Gould has said that out of every hour at a recording session, he spends just



Gould is aware of the dangers such isolation can hold. In "The Idea of North" a character warns of northern solitude: "The biggest danger of all is getting lost." The person dwelling in the north can be "kind of odd." This, according to Gould's severest critics, is exactly the problem with the pianist's music. He has led to his peculiar mannerisms. There are quirky phrasings, chords rolled up side down, absurd tremolos, no pedaling works, frenetic presentation of mediative ones. Such mannerisms it might be said, provide not an ideal revelation of the music, but a glimpse of the imperial personality, absorbed in itself. Even Gould himself acknowledged that his strong dislike for Mozart (he "died too late rather than too early") might have contributed to the crude executions of some of the sonatas in his recordings. He does, at times, exhibit a desire to shock as much as to reveal.

But despite such mannerisms—which were most evident in the recordings made in the early '70s—the crisp vistas of Gould's

H. Ross Perot Jr., 23, son of Dallas computer magnate, and Jo Coburn, an employee of Perot-owned Electronic Data Systems, completed the first around-the-world journey in a Conquest Thursday day, landing at City Hall in Dallas. They left Dallas Sept. 1. Expedition is supported by the money of H. Ross Perot Sr., the pair acknowledged. Perot, 38, of Australia, a millionaire electronics whiz who is making the first solo flight around the world, left his home in Perth, Australia, Sept. 1. Perot's 23-year-old son, who left Fort Worth two weeks earlier, and does not plan to get back for several months. The toughest leg of Perot and Coburn's journey is from Dallas hop from Perth to the Atlantic Ocean. The Soviet Union denied permission to land, so the senior Perot flew 20,000-ton container ship in pos-

Prince Charles and his wife, Diana, Princess of Wales, will receive a belated wedding present on Oct. 26 from the renowned cellist, Mstislav Rostropovich — a concert. Rostropovich, an accomplished violinist, pianist, and a world-famous cello player, will perform with a string quartet, before his scheduled concert, Oct. 27, at the Royal Albert Hall, London. He will also perform privately or public concert as a wedding gift. Buckingham Palace said that proceeds from the concert at the Barbican Center will be shared by the English Chamber Orchestra and the Loan Fund for Musical Instruments, which enables young musicians to buy instruments. Mean while, Charles joined bereaved families and injured British soldiers at a service Friday in Aldershot in remembrance of 44 paratroopers killed in the Falklands war.

Alberta Joyce Kidd, the welfare mother who hit a \$919.59 jackpot in Atlantic City, New Jersey, said she played the slot machine with money her boyfriend gave her, not welfare funds. "There's no reason a woman on welfare can't have date," she told the New York Daily News. She also said she would pay back "about \$2,000" in state welfare payments.

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**MAIL:** Send your text to your local office in local currency by return.

**TELEX:** If you have an urgent business, place your advertisement by telex. Your guidance: the basic rate is 5 letters, signs and spaces in the first line is 2 lines. No abbreviations or

In all the above cases  
 now avoid delay by  
**American Express**  
 Please indicate the

NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 COUNTRY \_\_\_\_\_  
 Please charge my ad to my American Express

**PARIS**

For France and all  
181 Ave. Charles-de-  
Tel.: 747-1212

**EUROPE**

WAG, Malcolm White, c/o  
TWA, Washington, 16, 1011 Yve-  
Tel.: 52 63 97, Telex 113 427

**SCANDINAVIAN**

thens con-  
and inter-  
Rosch  
01 836 48

**SPAIN AF**

to, Iberia  
Tel.: 455 29 18  
455 29 18  
COYAE,

**SWITZERLAND**

and inter-  
15 Chem-  
Lowmone  
Tel.: 23

**UNITED K**

scriptions  
office. For  
each Euro-  
01 836 48

**HONG KONG**

Globe Ltd  
and Librai-  
5 432070

**PRICE IS  
FOR MORE  
CLASSIFIEDS**

**R CLASSIFIED AD  
AND EASILY**

representative with your text. You will be informed of  
payment is made your ad will appear within 48  
of LHT representative and you will be advised of  
Payment before publication is necessary.  
business text, telex us, and it will be published  
**NATIONAL BUSINESS MESSAGE CENTER.**  
\$8.45 per line per day + local taxes. There are  
first line and 36 in the following lines. Minimum  
accepted.

ses, you can  
y charging your  
s Card account.

following:

**TEL.:**

press Card account numbers:

SIGNATURE:

(HEAD OFFICE)

countries not listed below:  
Gaulle, 97521 Neuilly Cedex.  
-65. Telex: 613595.

WVIA; For subscribe  
Post the Paris office. For  
ing only connect Europe  
in London; Tel.:  
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SEMI-RE UNKOWN SOMER-  
Marr 1, 60, Peledro  
S. 8, 201, 20  
-455 3006. Tel.: 4672  
46156 COYAE

GUYANE Guyon Thuyne  
and Vial, 100, 100,  
in Dorval, 1009 P.E.  
Tel.: 0221 29-58.94  
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3-3-1, Shibuya, Minato-ku, To-  
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UK: we love you, Lisa! (1)